

**SBC Communications Inc.**

**SBC/Ameritech Merger Conditions  
1999 Compliance Report**

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Group President  
SBC Communications Inc.

March 15, 2000

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**March 15, 2000**

## **Executive Summary**

The SBC/Ameritech Merger Conditions ("Merger Conditions") require SBC Communications Inc. ("SBC" or "Company") to submit a report annually by March 15 addressing the Company's compliance with the Merger Conditions for the preceding calendar year. This report summarizes SBC's compliance efforts from October 8, 1999, the Merger Close Date ("MCD"), including efforts completed as of merger close, through December 31, 1999. As demonstrated in this report, SBC has implemented required commitments for this reporting period, is in compliance with the Merger Conditions, and has made required changes in business processes to ensure continued compliance.

The Merger Conditions required SBC to fulfill numerous requirements by firm deadlines: the MCD, within several days of the MCD and within 30, 60 or 90 days of the MCD. In all, SBC was required to meet over 100 commitments during the first 90 days following the MCD. As this report demonstrates, SBC has met these commitments. Moreover, SBC has during this period further defined and refined processes and procedures for implementing Merger Condition requirements after December 31, 1999, thereby ensuring ongoing compliance with the Conditions as a whole.

The SBC/Ameritech Merger Conditions established the following 5 policy goals:

- Promoting equitable and efficient Advanced Services deployment;
- Ensuring open local markets;
- Fostering out-of-region local service competition;
- Improving residential phone service; and
- Ensuring full compliance with all Conditions.

The following list provides an abbreviated summary of the actions taken by SBC and its subsidiaries to implement the Merger Conditions in 1999.

### **Promoting equitable and efficient Advanced Services deployment**

- Filed for all state certifications and approvals necessary for the establishment of a separate Advanced Services affiliate in the 8 SBC states. Prior to the MCD, separate Advanced Services affiliates had already been established and were fully operational in the 5 Ameritech states.
- Began the planning, systems design, and operational start-up activities required to implement requirements that the Advanced Services affiliates use the same non-discriminatory procedures as SBC's competitors to access facilities and services once steady-state operations are reached.

- Offered surrogate line sharing discounts to competitors.
- Provided unaffiliated carriers access to loop information.
- Offered interim loop conditioning rates to all Competitive Local Exchange Carriers (“CLECs”).
- Classified urban and rural wire centers and designated low-income pools for Advanced Services deployment.

### **Ensuring open local markets**

- Southwestern Bell Telephone (“SWBT”), Pacific Bell, and Nevada Bell implemented modifications to existing performance measurement processes and began monthly reporting of the 20 performance measurements outlined in the Merger Conditions.
- In the 5 Ameritech states, implemented performance measurement processes that previously did not exist and began monthly reporting for 11 of the 20 measurements in early January 2000.
- Eliminated flat-rate monthly charges, where they existed, for access to Operational Support Systems.
- Held training forums in all 4 regions to assist CLECs with OSS issues.
- Filed collocation tariffs or amendments in all states prior to the MCD.
- Offered most-favored-nation (“MFN”) interconnection agreements.
- Offered to provide multi-state interconnection/resale agreements.
- Offered unbundled loop discount of 25% off the lowest applicable monthly price.
- Offered increased resale discounts.
- Offered a five-city trial that would provide CLECs access to a single point of interconnection (“SPOI”) to cable owned by SBC in multi-tenant buildings.
- Offered to build a SPOI when property owners or other parties own/maintain cabling beyond the SPOI.

### **Fostering out-of-region competition**

- SBC began its planning efforts and is on track to enter the first 3 out-of-region markets (Boston, Miami, and Seattle) established by the national-local strategy within 12 months of MCD.
- Initiated negotiations of interconnection agreements with 4 ILECs in various markets in 1999.

- Applied for state certifications in 12 states plus the District of Columbia in 1999.

### **Improving residential phone service**

- Ensured that The Southern New England Telephone Company (“SNET”) was in compliance with Condition 22 regarding minimum monthly charges for long distance.
- Affirmed through the Texas long distance application SBC’s commitment to offer long distance plans without minimum monthly charges.
- Filed letters with 12 state commissions offering the new Enhanced Lifeline Plan, which will ensure that low-income consumers can continue to receive discounted telecommunications services.
- Implemented corporate-wide the service quality reporting requirements of the National Association of Regulatory Utility Commissioners’ Technology Policy Subgroup’s Service Quality White Paper adopted November 11, 1998. In addition, Pacific Bell and Nevada Bell implemented these requirements earlier than the date required by the Merger Conditions
- Attended all 1999 meetings of the Network Reliability and Interoperability Council.

### **Ensuring full compliance with all Conditions**

- Prior to MCD, appointed a Corporate Compliance Officer.
- The Audit Committee of the Board of Directors was directed by the SBC Board of Directors to oversee the Corporate Compliance Officer’s work.
- Selected independent auditors who were subsequently approved by the Commission.
- Provided the Commission with a Compliance Plan outlining the processes, procedures, and controls being implemented to ensure ongoing compliance corporate-wide with all Merger Conditions, discussed the Compliance Plan with the Audit Staff of the FCC’s Common Carrier Bureau, and made adjustments to the Compliance Plan to address issues raised by the Audit Staff.
- In conjunction with the Commission’s Accounting Safeguards Division Audit Branch and the Independent Auditor, completed 3 comprehensive audit programs as defined by the Merger Conditions.

This report is divided into two sections that track the Compliance Plan SBC submitted to the Commission in December 1999. The first section provides a

summary of the actions being taken to help ensure overall compliance. The second section provides an update on each Merger Condition.

SBC believes this report demonstrates not only our compliance with the Merger Conditions, but also our ongoing commitment to meet the Commission's established goals. Furthermore, the implementation of these Conditions will help create an environment for competition and transform the telecommunications marketplace by ensuring competition, driving down rates, spurring innovation and bringing consumers more choice. SBC remains committed to ensuring ongoing compliance in 2000 and beyond.

**Introduction**  
**SBC Merger Annual Compliance Report**  
**March 15, 2000**

On October 6, 1999, in CC Docket No. 98-141, In re Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5,22,24,63,90,95 and 101 of the Commission's Rules, the Federal Communications Commission ("FCC") approved the merger of SBC Communications Inc. ("SBC") and Ameritech Corporation ("Ameritech") and adopted Merger Conditions that affect the combined entities post-merger business operations. SBC and Ameritech consummated the merger on October 8, 1999 (the "Merger Close Date" or "MCD"). Pursuant to the Merger Conditions, Paragraph 65c requires that an annual compliance report be submitted no later than March 15 of the calendar year following the year covered by the report.

SBC provides this Annual Compliance Report for Calendar Year 1999 in compliance with Paragraph 65c.

This first section of the report provides a summary of key issues as outlined in the Compliance Plan provided to the Commission on December 6, 1999. Directly following this section is a detailed assessment of the actions taken to meet the commitments due in 1999. This report is organized according to the Conditions (i.e., 1-30) in Appendix C of the Memorandum and Order in CC Docket No. 98-141, released on October 8, 1999, and includes a discussion of appropriate training and internal controls put in place to ensure ongoing compliance.

SBC is committed to meeting all Merger Condition requirements and has dedicated to this effort the resources required to achieve and ensure compliance on an ongoing basis.

## **1. Assignment of Compliance Responsibilities**

### **1.1 Corporate Compliance Officer**

Charles E. Foster, Group President, was appointed to be the Corporate Compliance Officer on July 13, 1999. The SBC Board of Directors subsequently approved Mr. Charles Foster's appointment and directed the Audit Committee of the Board to oversee the activities of the Compliance Officer. During the period covered by this report, Mr. Charles Foster had the following responsibilities:

- Overseeing the implementation of the Merger Conditions;
- Monitoring SBC's compliance program and progress toward meeting all deadlines specified in the Merger Conditions; and

- Providing periodic reports to the Commission regarding SBC's compliance as required by the Merger Conditions and consulting with the Commission on an ongoing basis regarding SBC's compliance with the Merger Conditions.

## 1.2 Audit Committee

- On September 24, 1999, the Audit Committee was assigned to oversee the Corporate Compliance Officer's fulfillment of his responsibilities.
- On November 19, 1999, Mr. Charles Foster met with the Audit Committee of SBC's Board of Directors and provided them with an update on SBC's progress in meeting the Merger Conditions.

## 1.3 Merger Compliance Group

Mr. Charles Foster appointed Ms. Mary Tudela as Senior Vice President - SBC Compliance on November 1, 1999. Shortly after her appointment, Ms. Tudela began to assemble a Merger Compliance Group to deal with administrative matters related to merger compliance.

In addition, the Senior Executive Vice President – External Affairs has created a separate External Affairs Compliance Staff in the SBC Washington D.C. office. In 1999, an individual was appointed as Vice President-Federal Regulatory, with External Affairs compliance responsibilities. Going forward, the Washington D.C. External Affairs Compliance Staff responsibilities include the relationship with the Commission on merger compliance, audits, complaints and service quality reporting.

## 1.4 Compliance Coordinator

Ms. Tudela's Staff (the "Merger Compliance Group") includes four lead individuals responsible for coordinating merger compliance activities whose responsibilities are assigned as follows:

- Executive Director – Performance Measures
- Executive Director – Compliance Support
- Executive Director – Merger Compliance
- Executive Director – Regulatory Liaison

As of December 31, 1999, these lead individuals within the Merger Compliance Group were in the process of adding staff to their organizations.



## 1.5 Executive Compliance Group

Prior to the MCD, responsibility for implementing and securing compliance with each Merger Condition was assigned to officers and senior managers in the affected business units. For each of the Merger Conditions, one corporate officer or senior manager was designated as having primary responsibility for achieving compliance. Taken collectively, these individuals constitute the "Executive Compliance Group". In addition, Mr. Paul Mancini, Vice President & Assistant General Counsel, was designated as the SBC legal officer to provide legal advice and support to the Merger Compliance Group. A list of the accountable officers and their respective Conditions is attached in the Appendix.

Officers in the Executive Compliance Group have the following responsibilities:

- Reporting to the Corporate Compliance Officer and his delegates on the status of compliance activities related to the specific Merger Conditions for which they are responsible;
- Notifying the Corporate Compliance Officer immediately of any issues, problems, or circumstances needing resolution in order for compliance activities to proceed on schedule;
- On request, certifying compliance with specific Merger Conditions and supplying documentation necessary to confirm such compliance; and
- Ensuring compliance by their respective staffs with all records retention, document preservation, and document production requirements arising out of, or in connection with, the Merger Conditions.

## 2. Compliance Deadlines and Plans

### 2.1 Compliance Matrices/Timelines

In order to provide ongoing and consistent internal controls, a compliance matrix (timeline) was compiled prior to the MCD. This matrix is updated weekly. Members of the Executive Compliance Group, as well as legal counsel and the External Affairs Compliance Staff, participate on a weekly conference call with the Corporate Compliance Officer (or his delegate) in attendance.

### 2.2 Team Compliance Plan

In addition, all members of the Executive Compliance Group have submitted a Team Compliance Plan for their respective Conditions. These Plans, taken in the aggregate, were filed with the Commission on a confidential basis on December 6, 1999 as "The Merger Conditions Compliance Program" as required by Paragraph 66b of the Merger Conditions. Each Plan includes: a summary; a

discussion of key objectives; internal controls; training; documentation; and plans for corrective action, if required.

### 2.3 Team and Business Unit Matrices and Timelines

In order to provide additional controls, individual teams and Business Units have developed their own matrices and timelines when needed for project management purposes.

## 3. Audit and Documentation Requirements

### 3.1 General

As part of each Compliance Plan (discussed above), individual Condition owners have already put in place document retention procedures. These and other methods and procedures relating to document retention are under review. Additional or new procedures, as required, will be developed and implemented no later than the Second Quarter 2000.

### 3.2 Annual FCC Compliance Report

The Annual Compliance Report as submitted herein is required by Paragraph 65c of the Merger Conditions. This report addresses SBC's compliance with the Merger Conditions and documents the internal controls SBC has adopted to ensure compliance. Each Business Unit has maintained sufficient documentation to enable the Corporate Compliance Officer to file this report and attest to its accuracy.

### 3.3 Independent Compliance Audit

On September 7, 1999 SBC engaged Ernst & Young LLP ("EY") as the independent auditor. As required by Paragraph 66, EY was not instrumental during the past 24 months in designing all or substantially all of the systems and processes under review in the audit, viewed as a whole. The Commission approved the auditor on August 24, 1999.

The preliminary annual audit program was submitted to the Commission on November 12, 1999. After a series of meetings with the Commission's Audit Branch the agreed upon procedures audit program was completed on January 6, 2000, with the Commission acceptance letter dated January 10, 2000.

The independent auditor is aware of, and responsible for, fulfilling its duties as outlined in the Merger Conditions, including the audit engagements.

Consultations with the Commission's Accounting Safeguards Division's Audit Staff have occurred and are continuing through SBC's Washington, D.C. office.

Ms. Mary Tudela, Senior Vice President – SBC Compliance, will provide audit support within her organization. She will be responsible for ensuring that audit plans and audit reports are completed according to this Merger Condition. She will also ensure that the independent auditor will have access to books, records and customers as appropriate. Team Leaders have been directed to give appropriate instructions to all applicable personnel concerning cooperation with the independent auditors. Additional written information will be sent to all Team Leaders and their teams to ensure they fully comply with the auditing requirements.

#### **4. Corporate Communications and Training**

##### **4.1 General**

In 1999, the Corporate Compliance Officer and his delegates undertook a series of actions to ensure that all personnel understand their obligations under the Merger Conditions. Those actions included:

- Conducting training sessions to assure that every SBC/Ameritech officer understood his or her obligations under the Merger Conditions, and
- Assigning a training coordinator(s) to every Merger Condition.

##### **4.2 Training**

Employee training has always been an integral component of SBC Communications' corporate culture. Even before the Merger Conditions were formalized, employees with training responsibility, both at SBC and Ameritech, were actively analyzing the draft Merger Conditions and developing appropriate training so that employees would understand their job duties and the behavior expected of them once the final Conditions were enacted. Now that the Merger Conditions are formally in place, SBC has taken an aggressive approach to ensuring that impacted employees are appropriately trained on those Conditions.

In those cases where the Merger Conditions referenced rules and regulations in place prior to the effective date of the Conditions, employee training had already been developed. For example, in October of 1999, the Southwestern Bell Telephone network organization delivered comprehensive training to its employees regarding performance measures, including review of the business rules and training on the systems and applications in place to assure accurate and timely data collection. As a result of the merger, existing training such as

that described above has undergone extensive review and has been updated and enhanced to reflect any additional requirements of the Merger Conditions.

Finally, with the effective date of the Merger Conditions, each Merger Condition training coordinator launched an aggressive Merger Condition training activity, including the delivery of existing material and the development and delivery of new material. In 1999, there were in excess of 80 separate Merger Condition training sessions held across the corporation. These sessions were conducted by the Condition training coordinators and included employees from many different disciplines including both the LEC and the Advanced Services affiliates' employees.

#### 4.3 Website(s)

Development of a comprehensive internal website is currently underway. In the interim, employees have been advised that they can access Merger Conditions documents and other Merger Condition supporting material directly from the Commission's website.

In addition, both SBC and Ameritech maintained external password protected websites for CLEC use prior to the MCD. In advance of MCD, these sites were updated to include information about the merger and these sites have been continually updated post merger to provide customer notices implementing various Merger Conditions.

#### 4.4 Policies, Guidelines, Methods and Practices

Activity in the year 2000 will include the addition of information regarding the Merger Conditions in internal SBC Code of Business Conduct and Ethical Practices documents. Guidelines that detail how the Condition training coordinators will track and document each training activity will be distributed to each coordinator. Individual business units undertook a review of policies, guidelines and methods and procedures for their respective operations. Methods and Procedures detailing the tasks required of an employee are being developed where appropriate.

### **5. Non-Compliance**

#### 5.1 General

A key responsibility of the Corporate Compliance Officer is to exercise due diligence in detecting and responding to possible instances of non-compliance with the Merger Conditions.

## 5.2 Internal Reports of Non-Compliance

The Compliance Program outlines a process to be followed by Company personnel who believe, or have reason to believe, that the Company is not in compliance with the Merger Conditions or that anyone associated with the Company has committed, intends to commit, or is giving consideration to the commission of acts that may violate the Merger Conditions. In such cases, Company personnel are instructed to contact the Legal Department or to use a toll - free number to report such activities. These reports may be made anonymously and without fear of retaliation. Substantiated reports of non-compliance were to be reported to the Corporate Compliance Officer. As of December 31, 1999, Mr. Charles Foster received no internal reports of non-compliance.

## 5.3 External Reports of Non-Compliance

The Compliance Program also outlines a process for addressing external issues or questions raised regarding potential non-compliance. The Corporate Compliance Officer or his delegates received 8 such issues or questions in 1999.

The following issues were related to Condition 1:

- A state regulatory Commission in the Ameritech states requested further information and concurrence by SBC/Ameritech to the state's interpretation of SBC/Ameritech's required compliance activities within six months of MCD. SBC responded with clarifications to several items. Discussions with the regulatory Commission were ongoing at the end of 1999 as to the need for additional certifications for AADS. SBC believes that it was in compliance.
- A CLEC complained to the Commission regarding issues raised in a docketed proceeding in California (A.99-10-009) concerning the Advanced Services affiliate's interconnection agreements. The CLEC maintained that the provision in the interconnection agreements allowing the affiliate exclusive use of shared lines in providing DSL was no longer permissible under the Commission's November 18, 1999 line sharing order. SBC has responded in the California proceeding, and separately to the CLEC, that it believes it was in compliance with the Merger Conditions.

The following issue was related to Condition 11:

- A CLEC complained that SNET had delayed the CLEC's entry by not accepting early applications, that SNET had not refunded fees for canceled applications, and that particular collocations sites were flawed. Several conference calls were held with SNET, the CLEC and other SBC personnel to

investigate and resolve the issue. After discussions, the flawed collocation sites were addressed and the CLEC retracted the complaint.

The following issue was related to Condition 12:

- A CLEC group raised concerns about the SBC Advanced Services affiliate's proposed interconnection agreement with Nevada Bell with respect to the language which they perceived as preventing other CLECs from exercising the Most Favored Nations "MFN" or "pick and choose" option for individual provisions of the agreement without choosing the entire agreement. SBC discussed the issues with the CLEC group and it was determined that there was no disagreement between SBC and the CLEC group regarding the "opt-into" provisions, but indeed there was confusion regarding SBC's standard MFN language in its generic agreements. SBC elected to revise that language in the generic agreement to remove any ambiguity. Additionally, SBC withdrew its proposed interconnection agreement in Nevada and subsequently refiled with its revised language.

The following issue relates to Condition 13:

- A CLEC complained about the availability and delivery of the Multi-State Interconnection/Resale Agreement and the promptness of SBC's delivery of a copy of the Agreement to the CLEC for its review. By December 7, 1999 (60 days after merger closing), SBC had created generic interconnection and resale terms and conditions covering the SBC/Ameritech Service Area in all SBC/Ameritech States. SBC also posted a message on the publicly-available area of the two SBC websites stating that the Agreement was available to any requesting carrier. The message further stated: "[T]o obtain a copy of a Multi-State Interconnection/Resale Agreement, please contact your Account Manager." SBC believes that its business practices were in compliance with the Merger Conditions; nonetheless, SBC put the entire Multi-State Interconnection/Resale Agreement on a public, non-password protected website for review by any interested CLEC.

The following issue was related to Condition 15:

- A CLEC complained about the availability of discounts for resale service. The CLEC was informed that the discounts were available and that it must obtain an interconnection agreement amendment before it would receive the benefits of the Merger Conditions. SBC believes that it was in compliance with Condition 15.

The following issue was related to Condition 17:

- A CLEC asked that a call waiting indicator light telecommunications service that was available in Connecticut be available in California. The service was

not an unbundled network element, and the issue was resolved. SBC believes it was in compliance with Condition 17.

The following issue was not related to a specific Condition:

- A CLEC indicated that it was not satisfied with changes in the account team. The reasons for the change were explained, and the CLEC was satisfied. SBC believes it was in compliance.

## **6. Discipline**

### **6.1 Intentional or Reckless Disregard of Merger Condition Requirements**

SBC has specified in its Compliance Program that violations of Merger Conditions resulting from intentional or reckless behavior shall be treated in the same manner as Code of Business Conduct violations and shall subject violators to disciplinary action, up to and including dismissal. Pursuant to this process, no SBC employees were identified as violating the Merger Conditions during the period covered by this report.

### **6.2 Review of Disciplinary Decisions**

The Corporate Compliance Officer is charged with the responsibility to review all disciplinary decisions relating to violations of the Merger Conditions and shall take appropriate action to ensure that discipline relating to violations of Merger Conditions due to intentional or reckless misconduct is appropriate and consistently applied.

## **7. Corrective Action**

### **7.1 Responsibilities of the Corporate Compliance Officer**

The Corporate Compliance Officer was responsible in 1999 for reporting any instances of non-compliance to the Commission in accordance with the Merger Conditions. The Corporate Compliance Officer is also responsible for SBC's compliance with the requirement that voluntary payments due under the Merger Conditions be made within 10 business days of a determination by the Corporate Compliance Officer, the Commission, or an arbitrator that payment is due.

No voluntary payments were due during the period covered by this report, and there were no violations requiring self-reporting during this period.

## 7.2 Responsibilities of Members of the Executive Compliance Group

Pursuant to the Merger Conditions Compliance Program, members of the Executive Compliance Group were responsible for achieving the deadlines required in 1999 by the Merger Conditions in their respective areas. They were also required to report directly to the Corporate Compliance Officer in the event of a failure or anticipated failure to meet any deadline. In such instances, members were to provide a plan for bringing the Company into full compliance as soon as possible.

All commitments due during the 1999 reporting period were met.

## 7.3 Responsibilities of Business Units

The heads of each business unit, each organization within a business unit, and each work group were responsible for bringing their units, organizations, or work groups into full compliance with the Merger Conditions and to promptly remedy any situations that might lead to non-compliance. Responsibilities included investigating any organization or work group that failed to detect violations, preventing recurrences of violations within a business unit, and disciplining, on a case-specific basis, the personnel responsible for any failure of non-compliance.

All commitments during this reporting period were met.

## 8. Effective Date and Duration of Compliance Program

### 8.1 Consultation with Commission Audit Staff

The effective date of the Compliance Program was December 6, 1999.

### 8.2 Consultation with Commission Audit Staff

On December 6, 1999, SBC provided its Compliance Plan to the Commission's Audit Staff for review and comment. A letter providing notice of this action was filed the same day with the Secretary of the Commission. Following comment from the Commission staff, the staff's recommendations were provided to the appropriate business unit for improvement of their respective plans.

## 9. Merger Efficiencies

Activities following the October 8, 1999 closing of the merger centered on developing an operational plan for integrating the functions of SBC and Ameritech entities. Teams were established to analyze the major functions of the



merged entities and develop a plan to integrate operations. The teams focused on three main areas: (1) elimination of duplication, (2) review of best practices, and (3) analysis of potential consolidation of work efforts. This planning and integration phase lasted from the MCD through early December of 1999. Normal business and antitrust concerns prevented SBC and Ameritech from undertaking this effort prior to the MCD.

Following this effort, team integration plans were reviewed and business units authorized to proceed with actual integration initiatives. As individual teams proceed, they are responsible for identifying and reporting costs necessary to implement their plans as well as going-forward efficiencies resulting from merger integration activities. These reports will be reviewed monthly to determine how well each team's actual performance compares with that team's projected performance.

Most teams did not receive approval to implement plans until mid-December of 1999. Therefore, changes in operations produced no significant efficiency gains realized during this reporting period. Those limited efficiencies that were realized in 1999 resulted from operational changes at the holding company level.

Holding company teams reviewed activities associated with the following functions: Corporate Finance, Human Relations, Legal, Regulatory/External Affairs, Corporate Development, Corporate Strategy and Corporate Communications. Their plans and recommendations consisted, predominantly, of efforts to eliminate duplication. They began a concerted effort to eliminate this duplication in late November 1999 and started to see some minor savings with December results. These activities were not completed in 1999. Significant efficiencies for these holding company functions will not be realized until 2000 or beyond.

Information on the one-time charges related to the merger is provided in SBC's 1999 Annual Report.

On a total corporate basis, we anticipate seeing a phased-in gain from efficiencies that will be realized in future years.

**Condition Number: 1****Condition Name: Separate Affiliate for Advanced Services****Section 1: Summary**

Condition 1 requires SBC/Ameritech to provide Advanced Services (as defined in Paragraph 2) through one or more structurally separate, Section 272-like subsidiary(s). Condition 1 also prescribes requirements for the creation of the separate affiliate and defines in careful detail the permitted relationship and degree of separation between the LEC and the separate affiliate. This Condition also sets forth a set of transitional rules for (a) the migration of Advanced Services customers from the LEC to the separate affiliate and (b) the provision of certain services by the LEC for the separate affiliate(s). Other rules within this Condition govern the provision of interim line sharing, performance measurements and the sunseting of the separation requirements.

As a Condition precedent to the Merger Close Date ("MCD"), SBC and Ameritech completed the following required activities:

- SBC and Ameritech incorporated and established separate Advanced Services affiliates to provide Advanced Services in each of the 13 SBC/Ameritech states.
- SBC and Ameritech filed for required state certifications and approvals necessary for the separate affiliates to provide Advanced Services in all of the SBC/Ameritech states.
- The SBC and Ameritech Advanced Services affiliates negotiated interconnection agreements with the SBC/Ameritech incumbent local exchange companies and filed those agreements for approval with state commissions in the SBC/Ameritech states.

Prior to the Merger, all Advanced Services offered by SBC were provided by the LEC. Following the merger, in order to "carve out" the existing Advanced Services from the LEC, SBC conducted an exhaustive analysis of systems, networks, equipment, work force and all other essential elements. All of these LEC Advanced Services customers will be migrated to Advanced Solutions, Inc. ("ASI") in 2000.

Because Condition 1 requires specific actions to be undertaken in 1999 by numerous business units within SBC, four SBC business units have been charged with meeting all aspects of the Merger Conditions requirements. The SBC Corporate Compliance Officer, Mr. Charles Foster, has designated a Responsible Officer for each of the four business units, and each Officer is responsible for assuring that all of the Condition 1 requirements within his/her area of responsibility are met. The four officers with responsibility for implementation of Condition 1 are set forth in Section 2 below.

The Merger Compliance Group ensures that all affected business units work together to implement the required commitments.

The following sections describe the specific compliance activities undertaken pursuant to Condition 1, the persons responsible for such actions, the Methods and Procedures adopted or planned, the training given employees and the documentation available to establish compliance.

## **Section 2: Persons Responsible for the Advanced Services Affiliate(s)**

<b>Name</b>	<b>Title</b>
Mike Turner	President – SBC Advanced Solutions Inc.
Ross Ireland	Sr. Vice President-Network Planning & Engineering
Van Taylor	Senior Vice President – Network Services
Dave Gallemore	EVP–Strategic Marketing

## **Section 3: Implementation of Condition**

### **A. SBC-Advanced Solutions, Inc. (“ASI”) and Ameritech Advanced Data Services, Inc. (“AADS”)**

#### **1. Compliance**

Mike Turner, President of SBC-Advanced Solutions Inc. is the Responsible Officer for all the compliance activities of SBC’s Advanced Services affiliates. The SBC Advanced Services affiliates are:

- **SBC/ASI**  
Prior to the Merger, SBC Advanced Solutions Inc., a Delaware Corporation (“ASI”), was formed on July 27, 1999 to provide Advanced Services as defined by the agreement. On December 20, 1999, SBC Advanced Data Services Inc., (“ADSI”), an existing Texas Corporation that purchased, owned and leased equipment, merged into ASI.
- **AADS**  
The Ameritech separate Advanced Services affiliates are: Ameritech Advanced Data Services of Illinois, Inc., Ameritech Advanced Data Services of Indiana, Inc., Ameritech Advanced Data Services of Michigan, Inc., Ameritech Advanced Data Services of Ohio, Inc., and Ameritech Advanced Data Services of Wisconsin, Inc. (collectively "AADS"). These separate affiliates were formed prior to the SBC/Ameritech merger. The AADS entities are managed by ASI, and AADS employees ultimately report to ASI personnel.

All 1999 requirements for the Advanced Services affiliates in Condition 1 were met. The appropriate state certifications were obtained, and several

interconnection agreements were put into place (see Compliance Table below). SBC Legal interacting with the appropriate government agencies completed these steps. Normal ASI governance processes will insure ongoing compliance with the Condition.

The milestones listed in the Compliance Table (below) demonstrate the content and substance of the commitment to the 1999 objectives of the Condition. Structural separation was created, several transitional methods and procedures were written. These steps ensure that the Advanced Services affiliates are in compliance and will continue to be in compliance with Condition 1.

**Compliance Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
1	1	Established structurally separate affiliate (Advanced Solutions Inc.)	Prior to Merger Close	07/27/99 Incorporated
1	1, 5c, 5e	Secretary of State's State Certificate of Authority/Arkansas	Prior to Merger Close	8/16/99 Approved
1	1, 5c, 5e	Secretary of State's State Certificate of Authority/Connecticut	Prior to Merger Close	8/16/99 Approved
1	1, 5c, 5e	Secretary of State's State Certificate of Authority/Missouri	Prior to Merger Close	8/16/99 Approved
1	1, 5c, 5e	Secretary of State's State Certificate of Authority/Nevada	Prior to Merger Close	8/16/99 Approved
1	1, 5c, 5e	Secretary of State's State Certificate of Authority/Oklahoma	Prior to Merger Close	8/16/99 Approved
1	1, 5c, 5e	Secretary of State's State Certificate of Authority/Texas	Prior to Merger Close	8/16/99 Approved
1	1, 5c, 5e	Secretary of State's State Certificate of Authority/California	Prior to Merger Close	8/18/99 Approved
1	1, 5c, 5e	Secretary of State's State Certificate of Authority/Kansas	Prior to Merger Close	9/1/99 Approved
1	1, 5c, 5e	Corporation Certificates of Authority for Illinois, Indiana, Ohio, Wisconsin and Michigan	NA	In effect, pre-dates the 10/8/99 Merger Conditions
1	3	Established Affiliate Agreements between SBC ASI and SBC LECs.	On going	On going
1	3d	Establish ASI ownership process of new Advanced Services equipment	11/8/99	11/1/99
1	4n2 & 3, 5b	California – Certificate of Public Convenience & Necessity	Prior to Merger Close	Filed 9/28/99
1	4n2 & 3, 5b	Nevada – Certificate of Public Convenience & Necessity	Prior to Merger Close	Filed 9/10/99
1	4n2 & 3, 5b	Arkansas – Certificate of Public Convenience & Necessity	Prior to Merger Close	Filed 9/30/99
1	4n2 & 3, 5b	Kansas - Certificate of Convenience & Authority to Transact	Prior to Merger Close	Filed 10/5/99
1	4n2 & 3, 5b	Oklahoma – Certificate of Public Convenience & Necessity	Prior to Merger Close	Filed 9/30/99

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
1	4n2 & 3, 5b	Missouri – Certificate of Authority	Prior to Merger Close	Filed 9/30/99 Approved 12/30/99
1	4n2 & 3, 5b	Texas – Certificate Of Operating Authority	Prior to Merger Close	Filed 10/5/99 Approved 12/1/99
1	4n2 & 3, 5b	Connecticut - Certificate of Public Convenience & Necessity	Prior to Merger Close	Filed 9/29/99
1	4n2 & 3, 5b	Wisconsin – Petition as a Alternative Telecommunications Utility Reseller	Prior to Merger Close	Filed 5/21/93
1	4n2 & 3, 5b	Michigan – Certificate of Authority	Prior to Merger Close	Not Required
1	4n2 & 3, 5b	Illinois – Certificate of Operating Authority	Prior to Merger Close	In Effect
1	4n2 & 3, 5b	Ohio – Certificate of Operating Authority	Prior to Merger Close	In Effect
1	4n2 & 3, 5b	Indiana – Certificate of Operating Authority	Prior to Merger Close	In Effect
1	5a	California – Interconnection Agreement	Prior to Merger Close	Filed 9/28/99
1	5a	Nevada – Interconnection Agreement	Prior to Merger Close	Filed 9/7/99
1	5a	Arkansas – Interconnection Agreement	Prior to Merger Close	Filed 9/30/99 Approved 12/3/99
1	5a	Kansas – Interconnection Agreement	Prior to Merger Close	Filed 10/5/99
1	5a	Oklahoma – Interconnection Agreement	Prior to Merger Close	Filed 9/30/99 Approved 12/28/99
1	5a	Missouri – Interconnection Agreement	Prior to Merger Close	Filed 9/30/99 Approved 12/13/99
1	5a	Texas- Interconnection Agreement	Prior to Merger Close	Filed 10/5/99 Pulled down 12/15/99
1	5a	Connecticut – Interconnection Agreement	Prior to Merger Close	Filed 9/29/99 Approved 12/28/99
1	5a	Wisconsin – Interconnection Agreement	Prior to Merger Close	Filed 10/5/99 Approved 11/18/99
1	5a	Michigan – Interconnection Agreement	Prior to Merger Close	Filed 9/29/99 Approved 12/16/99
1	5a	Illinois – Interconnection Agreement	Prior to Merger Close	Filed 10/5/99 Approved 12/15/99
1	5a	Ohio – Interconnection Agreement	Prior to Merger Close	Filed 8/17/99 Approved 11/15/99

Condition	Paragraph	Milestone	Due Date	Date Completed
1	5a	Indiana – Interconnection Agreement	Prior to Merger Close	Filed 7/1/99 Approved 9/15/99
1	6a	AIT Wisconsin Intrastate Whsle Tariff Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Wisconsin Intrastate Access Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Wisconsin Intrastate Retail Tariff Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Indiana Intrastate Wholesale Tariff Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Indiana Intrastate Access Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Indiana Intrastate Retail Tariff Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Michigan Intrastate Wholesale Tariff Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Michigan Intrastate Access Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Michigan Intrastate Retail Tariff Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Illinois Intrastate Wholesale Tariff Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Illinois Intrastate Access Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Illinois Intrastate Retail Tariff Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Ohio – no wholesale tariff to withdraw	N/A	N/A
1	6a	AIT Ohio Intrastate Access Grandfathered and Sunset	10/18/99	Filed 10/12/99
1	6a	AIT Ohio – no retail tariff to withdraw	N/A	N/A
1	6f	AIT Wisconsin Interstate Access Frame Relay Grandfathered and Sunset	10/13/99	Filed 10/12/99 Approved 10/27/99
1	6f	AIT Michigan Interstate Access Frame Relay Grandfathered and Sunset	10/13/99	Filed 10/12/99 Approved 10/27/99
1	6f	AIT Illinois Interstate Access Frame Relay Grandfathered and Sunset	10/13/99	Filed 10/12/99 Approved 10/27/99
1	6f	AIT Ohio Interstate Access Frame Relay Grandfathered and Sunset	10/13/99	Filed 10/12/99 Approved 10/27/99
1	6f	AIT Indiana Interstate Access Frame Relay Grandfathered and Sunset	10/13/99	Filed 10/12/99 Approved 10/27/99

Condition	Paragraph	Milestone	Due Date	Date Completed
1	6f	SWBT ILEC Interstate Tariff Withdrawal for Missouri	12/16/99	Filed 12/16/99
1	6f	SWBT ILEC Interstate Tariff Withdrawal for Arkansas	12/8/99	Filed 11/9/99 Amended 12/3/99 12/8/99

ASI is in the process of transferring Advanced Services assets from the LEC. Leading up to November 8, 1999, the LECs identified engineering work orders that contained placements for Advanced Services equipment that would not remain in service in the LEC beyond that date. Those projects were then closed, and new engineering work orders were established under a custom work order ("CWO") - like process to place new Advanced Services equipment within ASI.

ASI is required to own all new Advanced Services equipment placed into service 30 days after the MCD. Under this process, ASI hired LEC engineers through an affiliate agreement to engineer and place ASI's assets on ASI's behalf. The LEC engineers provided estimated costs for each project, which ASI was required to prepay prior to the placement of any equipment on that project. As the LECs placed new Advanced Services equipment, it was accounted for as "Under Construction" and then billed to ASI at the end of each month. Such equipment never went into "plant in service" accounts in the LECs. The capital associated with the equipment placements was immediately recorded at the end of each month on ASI's balance sheet, again avoiding the placement of any Advanced Services equipment within the LEC. At the end of each month when ASI was billed for the placed equipment, the billed totals were applied against ASI's prepaid accounts.

The only Advanced Service provided by the Ameritech incumbent LEC(s) prior to MCD was Frame Relay Service. In order to provide Frame Relay, the Ameritech incumbent LEC(s) purchased capacity from AADS for the use of their Frame Relay equipment. Effective with the SBC/Ameritech merger, the Ameritech incumbent LEC(s) ceased marketing Frame Relay service. All existing customers were notified of the change by a letter mailed on October 12, and by newspaper advertisements. On October 12, 1999, tariff filings were made to remove Frame Relay from the incumbent LECs' tariffs. As of October 27, 1999, all new requests for Frame Relay are being handled by AADS.

The embedded base of Frame Relay customers is being migrated to AADS. Migrating services includes creating an inventory of embedded customers and services capability, and inventory of equipment, customer notifications regarding the change in provider, and actually moving the services, without causing any disruption in service or quality of service to the customer. Frame Relay AADS conversion process was developed, documented, and tested in 1999. Conversion of Frame Relay circuits to Special Access began on December 27,

1999. All equipment used to provide Ameritech Advanced Services was already owned by AADS.

ASI announced the placement of 56 management employees in 1999. These appointments to ASI's leadership team included 3 officers and 2 senior managers. Leadership placements also included: VP-Network Planning & Engineering, VP-Operations, VP-Sales, VP-Transition, VP-Finance, Senior VP & CFO, Executive Director-Methods & Procedures and Director-Human Resources.

In 1999, human resources prepared proposals for the transition to the new ASI payroll system. ASI specific Responsibility Codes were created for the new ASI subsidiary.

Paragraph 11 of Condition I provides that in setting the annual bonuses paid to officers and management employees of the Advanced Services affiliates, SBC/Ameritech shall give substantial weight to the performance of the affiliate(s).

In the SWBT, Pacific Bell/Nevada Bell, and SNET region, the separate Advanced Services affiliate was created shortly before the Merger Closing Date. Necessary state certifications, negotiations and filings of interconnection agreements, and initial staffing occurred in October, November, and December of 1999.

Advanced Services customers served by ILECs in the SWBT, Pacific Bell/Nevada Bell, and SNET regions were not migrated to the Advanced Services affiliate during 1999. Few employees were transferred to ASI in 1999. Those that were assigned in 1999 spent a small fraction of the calendar year as ASI employees. Those employees were compensated for most of the calendar year 1999 under the bonus and incentive plans of their respective prior business units. For the limited period of time in 1999 when these employees were on the ASI payroll, substantial weight was given to ASI's performance in determining bonuses for that period. A significant factor in determining whether specific individuals would receive individual discretionary awards (and, if so, the amount of those awards) was the contribution of those individuals to meeting ASI's objectives during the period. Due to the absence of appropriate revenue and cost measures in evaluating the entity's pre-operational financial performance, a key factor considered was the contribution by specific employees to ASI's performance in meeting merger implementation and Merger Condition milestones and other requirements. For calendar year 2000, annual bonuses and other incentive plans for officers and management employees of ASI will also afford substantial weight to the performance of ASI during calendar 2000.

In the Ameritech five-state region, the AADS companies (one for each Ameritech state) were structurally separate from the Ameritech ILECs at all times during calendar year 1999. Substantial weight was given to the performance of the AADS companies in calculating 1999 bonus payouts to AADS officers and managers. For calendar year 2000, substantial weight will continue to be given to



the performance of AADS in calculating 2000 bonus payments for AADS officers and managers.

## 2. Methods and Procedures

**Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
1	3	Develop Methods and Procedures for 'ASI Conversion Order Examples for Frame Relay Service (PB)'	As needed	12/99
1	4	Develop Methods and Procedures for 'ASI Service Order Examples for SWBT CABS Frame'	As needed	12/99

## 3. Training

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
1	3	SWBT Network Operations Staff Managers in St. Louis	ASI Overview – Merger Conditions Requirements	Management Meeting	11/3/99
1	3	SNET Labor Relations, Sales, Service Representative Managers in Meriden, CT	ASI Overview – Merger Conditions Requirements	Management Meeting	11/10/99
1	3	SNET Network Operations, Sales, Service Representatives Managers in Meriden, CT	ASI Overview – Merger Conditions Requirements	Management Meeting	11/11/99
1	3	AADS Managers in Dearborn, MI	ASI Overview – Merger Conditions Requirements	Management Meeting	11/19/99
1	3	Network Managers in San Ramon, CA	ASI Overview – Merger Conditions Requirements	Management Meeting	12/2/99
1	3	Design & Support Managers in Dallas TX	ASI Overview – Merger Conditions Requirements	Management Meeting	12/8/99

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
1	3	Service Representatives in St. Louis, MO	ASI Overview – Merger Conditions Requirements	Management Meeting	12/8/99
1	3	Sales & Marketing Managers in Livermore, CA	ASI Overview – Merger Conditions Requirements	Management Meeting	12/15/99
1	3	ASI Managers in San Antonio	Merger Compliance Training	Training Session	12/22/99

#### 4. Internal Controls

Extraordinary effort is being exerted to identify, plan, monitor and meet all the necessary steps that enable SBC to meet the Conditions of the merger document as well as the needs and demands of our customers for Advanced Services. The Vice Presidents and other direct reports to Mr. Turner meet by phone daily to communicate status and to coordinate the collective activities of the company. They are:

- Vice President-Network Engineering and Planning
- Vice President-Sales Operations
- Vice President-Operations
- Senior Vice President and Chief Financial Officer
- Vice President-Transition
- Director-Human Resources
- President-AADS
- Vice President-General Counsel

Mr. Turner is briefed weekly on all compliance requirements and the ongoing status. Should dates be missed or a problem with any compliance issue occur, Mr. Turner will be notified, corrective action will be developed and all specific details will be provided to the Corporate Compliance Officer, Mr. Charles Foster.

On December 28, 1999, the interconnection agreement between SNET and ASI was approved. Pursuant to Paragraph 6f, there was no initiation of marketing and sales of new activations of jurisdictionally interstate Advanced Services from the tariff of SNET after December 31, 1999. As of that date, ASI was still awaiting receipt of a Certificate of Public Convenience and Necessity from Connecticut. Accordingly, there was a question of legal interpretation as to the operative date when SNET was required to file tariff changes to terminate SNET's offering of jurisdictionally interstate Advanced Services. Mr. Charles Foster apprised the Commission of this issue on January 24, 2000. The tariff to withdraw the offering of Advanced Services was filed with the Commission on January 26, 2000. On February 7, 2000 SBC wrote to the Chief of the

Enforcement Bureau and the Chief of the Common Carrier Bureau regarding this matter.

#### 5. Documentation

SBC provided the Commission with letters, specific reports or other documentation as specified by the Merger Conditions in 1999. Copies of these letters, reports, measurements or other documentation are available as per the appropriate confidentiality agreements from the publicly available Commission files, the Commission website or, in some cases, on SBC's websites.

#### Structural Separation

Condition	Paragraph	Description of Document	Approval Date
1	1	Certification of Incorporation / SBC Advanced Solutions Inc.	07/27/99
1	1, 5c, 5e	State Certificate of Authority/Arkansas	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Connecticut	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Missouri	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Nevada	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Oklahoma	8/16/99
1	1, 5c, 5e	State Certificate of Authority/Texas	8/16/99
1	1, 5c, 5e	State Certificate of Authority/California	8/18/99
1	1, 5c, 5e	State Certificate of Authority/Kansas	9/1/99
1	5c	Letter filed with the FCC Secretary by Charles Foster	10/6/99
1	1	Certificate of Merger of ADSI into ASI	12/20/99

#### Regulatory

Condition	Paragraph	Description of Document	Approval Date
1	5b	Texas – Cert. Of Operating Authority	12/1/99
1	5b	Missouri – Certificate of Service Authority	12/30/99
1	5b	Letter file with the FCC Secretary by Charles Foster	10/6/99
1	5a	Arkansas – Interconnection Agreement	12/3/99
1	5a	Oklahoma – Interconnection Agreement	12/28/99
1	5a	Missouri – Interconnection Agreement	12/13/99
1	5a	Connecticut – Interconnection Agreement	12/28/99
1	5a	Wisconsin – Interconnection Agreement	12/15/99
1	5a	Michigan – Interconnection Agreement	12/16/99
1	5a	Illinois – Interconnection Agreement	12/15/99
1	5a	Ohio – Interconnection Agreement	11/15/99
1	5a	Indiana – Interconnection Agreement	9/15/99
1	5a	Letter filed with the FCC Secretary by Charles Foster	10/6/99
1	6a	AIT Wisconsin Wholesale Tariff Grandfathered	11/26/99
1	6a	AIT Wisconsin Intrastate Access Grandfathered	11/26/99
1	6a	AIT Wisconsin Retail Tariff Grandfathered	11/26/99
1	6a	AIT Indiana Wholesale Tariff Grandfathered	11/26/99
1	6a	AIT Indiana Intrastate Access Grandfathered	11/17/99
1	6a	AIT Indiana Retail Tariff Grandfathered	10/27/99

Condition	Paragraph	Description of Document	Approval Date
1	6a	AIT Michigan Wholesale Tariff Grandfathered	11/26/99
1	6a	AIT Michigan Intrastate Access Grandfathered	10/27/99
1	6a	AIT Michigan Retail Tariff Grandfathered	10/27/99
1	6a	AIT Illinois Wholesale Tariff Grandfathered	11/27/99
1	6a	AIT Illinois Intrastate Access Grandfathered	11/27/99
1	6a	AIT Illinois Retail Tariff Grandfathered	10/28/99
1	6a	AIT Ohio – no wholesale tariff to withdraw	N/A
1	6a	AIT Ohio Intrastate Access Grandfathered	10/27/99
1	6a	AIT Ohio – no retail tariff to withdraw	N/A
1	6a	Letter filed with the FCC Secretary by Charles Foster	10/6/99

### ASI Affiliate Agreements

The following Affiliate Agreements were effective between ASI and the indicated Incumbent SBC LECs during 1999. These agreements were posted on SBC's public Internet site ([www.sbc.com/PublicAffairs/PublicPolicy/Regulatory/AdvSol-Telephone.html](http://www.sbc.com/PublicAffairs/PublicPolicy/Regulatory/AdvSol-Telephone.html)) and were maintained in each Incumbent LEC's Central File as specified by FCC Docket Number 96-150.

### **Nevada Bell**

Condition	Paragraph	Description of Document	Approval Date
1	3	810 – Business Communications Services	09/01/99
1	3	818 – Strategic Planning	09/01/99
1	3	826 – Temporary Projects	09/01/99
1	3	843 – Interim Service Provision	09/01/99
1	3	847 – Regulatory Services	09/01/99
1	3	N01 – Interim Line Sharing	09/01/99
1	3	204 – DSL CPE Ordering, Provisioning and Maintenance	10/01/99
1	3	205 – Network Architecture, Planning, Engineering, Design and Assignment	10/01/99
1	3	207/ OSP Engineering and Design	10/01/99
1	3	209 – Installation and Maintenance for Wide Area Network Services	10/01/99
1	3	Agreement For The Provisioning Of Billing And Collection Services	12/17/99

### **Pacific Bell**

#### **Pricing Methodology, State Applicability, and Frequency of Occurrence**

Condition	Paragraph	Description of Document	Approval Date
1	3	501 – Information Technology	09/01/99
1	3	502 – Human Resources Services	09/01/99
1	3	510 – Business Communications Services	09/01/99
1	3	511 – Billing Services	09/01/99
1	3	513 – Consumer Markets Group	09/01/99
1	3	525 – Real Estate Management Services	09/01/99
1	3	526 – Temporary Projects	09/01/99
1	3	530 – Service Operations Services	09/01/99

Condition	Paragraph	Description of Document	Approval Date
1	3	539 – Procurement Services	09/01/99
1	3	540 – Special Markets	09/01/99
1	3	541 – CRIS/CABS	09/01/99
1	3	542 – Interim Installation and Maint	09/01/99
1	3	543 – Interim Service Provision	09/01/99
1	3	547 – Regulatory Services	09/01/99
1	3	621 – Network Planning and Eng.	10/25/99
1	3	622 – Network Operations Services	10/25/99
1	3	P01 – Interim Line Sharing	09/01/99
1	3	204 – DSL CPE Ordering, Provisioning and Maintenance	10/01/99
1	3	205 – Network Architecture, Planning, Engineering, Design and Assignment	10/01/99
1	3	207/ OSP Engineering and Design	10/01/99
1	3	209 – Installation and Maintenance for Wide Area Network Services	10/01/99
1	3	Agreement For The Provisioning Of Billing And Collection Services	12/17/99

**Southern New England Telecommunications Corporation  
Pricing Methodology & State Applicability**

Condition	Paragraph	Description of Document	Approval Date
1	3	Agreement For The Provisioning Of Billing And Collection Services	09/01/99

**Southern New England Telephone Company  
Pricing Methodology & State Applicability**

Condition	Paragraph	Description of Document	Approval Date
1	3	913 – Consumer/Business Marketing Services	09/01/99
1	3	922 – Network Operations	09/01/99
1	3	952 – Customer Services Support	09/01/99
1	3	954 – Interim Line Sharing	09/01/99
1	3	954 – Interim Service Provisioning	09/01/99
1	3	205 – Network Architecture, Planning, Engineering, Design and Assignment	12/01/00

**Southwestern Bell Telephone Company  
Pricing Methodology & State Applicability**

Condition	Paragraph	Description of Document	Approval Date
1	3	002 – Human Resource Support	09/01/99
1	3	006 – Human Resources Assessment	09/01/99
1	3	017 – Official Communications	09/01/99
1	3	018 – Treasury Services	09/01/99
1	3	020 – Equal Employment Opportunity / Affirmative Action Plan	09/01/99
1	3	021 – Risk Management	09/01/99
1	3	025 – Real Estate Management	09/01/99

Condition	Paragraph	Description of Document	Approval Date
1	3	026 – Temporary Projects	09/01/99
1	3	030 – Installation And Maintenance	09/01/99
1	3	039 – Purchasing And Contracting	09/01/99
1	3	047 – Revenue And Public Affairs	09/01/99
1	3	048 – Executive Customer Contact Services	09/01/99
1	3	051 – Public Relations	09/01/99
1	3	099 – Concession	09/01/99
1	3	105 – Purchasing Card	09/01/99
1	3	110 – Fulfillment Services	09/01/99
1	3	117 – General Ledger Account	09/01/99
1	3	118 – Accounts Payable Support	09/01/99
1	3	121 – Network Support	09/01/99
1	3	128 – Oracle Financial Support	09/01/99
1	3	142 – Affiliate Insert In Telco Bill	11/05/99
1	3	144 – Fixed Asset Processing	09/01/99
1	3	145 – Contract Negotiation With CWA Union	09/01/99
1	3	152 – Customer Services Support	09/01/99
1	3	158 – Network Regulatory Policy And Planning Support	09/01/99
1	3	161 – Corporate Information Security	09/01/99
1	3	162 – Business Communication Services – Sales Operations Mechanization	09/01/99
1	3	163 – Non/Management Staffing	09/01/99
1	3	173 – CRIS/CABS	09/01/99
1	3	174 – Interim Installation And Maintenance	09/01/99
1	3	975 – Business Office Support Services	09/01/99
1	3	977 – Premise Sales Support	09/01/99
1	3	994 – Residence Service Center	09/01/99
1	3	General Agreement For Support Services	09/01/99
1	3	Support Services Order 901 – Technical Personnel	09/01/99
1	3	Support Services Order 902 – Data Processing	09/01/99
1	3	A01 – Interim Line Sharing	09/01/99
1	3	201 – Interim Service Provisioning	09/01/99
1	3	General Services Agreement 99091403	10/01/99
1	3	204 – DSL CPE Ordering, Provisioning And Maintenance	10/01/99
1	3	205 – Network Architecture, Planning, Engineering, Design And Assignment	10/01/99
1	3	207 – Network Monitoring And Surveillance	10/01/99
1	3	209 – Installation And Maintenance For Wide Area Network Services	10/01/99
1	3	132 – Finance Remittance Payment Processing	10/25/99
1	3	143 – Finance Corporate Fraud Management	11/05/99
1	3	155 – Billing Operations Project Management	10/25/99
1	3	156 – Billing Operations Support	10/25/99
1	3	179 – Network Planning And Engineering	10/25/99
1	3	Agreement For The Provisioning Of Billing And Collection Services	12/17//99

### Memoranda of Understanding

Condition	Paragraph	Description of Document	Approval Date
1	3	Agreement for Workshop and Official Support System ("OSS") classes (SWBT and ASI)	12/22/99
1	3	Agreement for Workshop and Official Support System (OSS) classes (PB & NB and ASI)	12/27/99

### AADS Affiliate Agreements

Separate Advanced Services affiliates existed in the Ameritech States prior to October 8, 1999, the Merger Closing Date. These separate affiliates were established as early as 1992, and agreements between these affiliates and the Ameritech incumbent LECs were executed pursuant to State certification requirements throughout the mid-90s. To conform the preexisting agreements between these affiliates and the Ameritech incumbent LECs to the specific provisions of 47 U.S.C. § 272(b), (c), (e), and (g), Master Mutual Services Agreements were entered into by and between these affiliates and each Ameritech incumbent ILEC. These agreements include:

### Affiliate Agreements

Condition	Paragraph	Description of Document	Approval Date
1	3	Master Mutual Services Agreement between the collective AADS companies and Illinois Bell	10/8/99
1	3	Master Mutual Services Agreement between the collective AADS companies and Indiana Bell	10/8/99
1	3	Master Mutual Services Agreement between the collective AADS companies and Michigan Bell	10/8/99
1	3	Master Mutual Services Agreement between the collective AADS companies and Ohio Bell	10/8/99
1	3	Master Mutual Services Agreement between the collective AADS companies and Wisconsin Bell	10/8/99

The five Master Mutual Services Agreements, and all Service Orders pursuant to such Agreements, are set forth at: [http://www.ameritech.com/corporate/regulatory/aads\\_page.html](http://www.ameritech.com/corporate/regulatory/aads_page.html). In addition, specific Real Estate Leases, Frame Relay Switching Services Agreements, and Miscellaneous Agreements are also set forth at this location.

## **B. Network Planning and Engineering (“NP&E”)**

### **1. Compliance**

The majority of the NP&E organization’s deliverables related to implementing Condition 1, including new required systems, associated Methods and Procedures, and training are scheduled to be completed during the First Quarter of 2000. The NP&E organization is responsible for the network planning, engineering, and forecasting of growth in the network, the development of plans to determine where and what equipment is deployed, the asset inventory, and the authorization of payment to vendors.

The specific commitments required and completed by NP&E during 1999 relate to the assignment of personnel to address how the Advanced Services affiliate and the ILEC will function and how they will interact.

In 1999, an Executive Director – Projects Organization was established within Network Planning & Engineering (“NP&E”) with thirteen state responsibility to:

- Ensure that the following activities related to the provision of Advanced Services are not provided by SBC LECs to the Advanced Services affiliate after the 180 day transition period:
  - (a) Network planning, engineering, and forecasting of growth in the network,
  - (b) Development of plans to determine where and what equipment is deployed,
  - (c) Management of the asset inventory, and
  - (d) Authorization of payment to vendors, as defined in the Merger Conditions.
- Ensure that the NP&E processes, systems, and procedures required by the Separate Affiliate are in place and operational within the 180 day transition period.
- Ensure that any Operations, Installation and Maintenance (“OI&M”) functions provided to or on behalf of the Advanced Services affiliate by SBC’s LECs will be available to unaffiliated providers of Advanced Services on a non-discriminatory basis.
- Ensure Network Planning and Engineering will operate in accordance with the structural, transactional, and non-discrimination requirements of the merger agreement.

The Executive Director – Projects within SBC’s NP&E organization assigned a Director – Data Process Development and Implementation, with 13-state responsibility, to coordinate all of the NP&E transition activity under paragraph 4a of the Merger Conditions under a steady state environment. These activities include:

- Ensure the operational processes and systems are in place to allow the Separate Affiliate to determine when, where, and how much Advanced Services Equipment needs to be deployed to meet forecasted customer



demands and ensure that equipment is compatible with the interconnection services.

- Ensure the accounting processes and systems are in place to allow the Separate Affiliate to arrange for the purchase of Advanced Services Equipment.
- Ensure methods and procedures are in place to allow the Separate Affiliate to arrange for and negotiate collocation space within SBC LEC premises.
- Ensure the associated processes and inventory systems are in place to allow the Advanced Services affiliate to track the utilization and deployment of the Advanced Services Equipment.
- Ensure Network Planning and Engineering will operate in accordance with the structural, transactional, and non-discrimination requirements of the merger agreement.

During 1999, an NP&E Core Team committee was established consisting of Advanced Services affiliate and SBC Directors with primary responsibility for forecasting, ordering, inventorying, designing and placing of data equipment supporting the data services to be transitioned to the Advanced Services affiliate. This committee has the overall responsibility for identifying and implementing NP&E compliance initiatives. The Core Team committee members are listed in the table below:

<b>Team Member Title</b>	<b>Company</b>
Director – Data Process Development and Implementation	SBC NP&E
Director – Staff Support/Measures	ASI NP&E
Director – Transport and Data Process and Methods Support	SBC NP&E
Regional Vice President – Network Engineering (SWB & SNET Regions)	ASI NP&E
Regional Vice President – Network Engineering (PB & NB Regions)	ASI NP&E
Regional Vice President – Network Engineering (AIT Region)	ASI NP&E

In addition to establishing key groups to monitor the process and transition, extended planning with critical Subject Matter Experts (“SMEs”) was conducted. These managers were successful in identifying the present method of operation (“PMO”) in Network Planning and Engineering in regards to planning, designing, and engineering the data network in each SBC region: Southwestern Bell (“SWBT”), Southern New England Telephone (“SNET”), Pacific Bell (“PB”), Nevada Bell (“NB”), and Ameritech (“AIT”). These PMOs were evaluated for Best Practices by the SMEs and management within the Network Planning and Engineering organization, and a target Final Method of Operation (“FMO”) for Network Planning and Engineering for the Advanced Services affiliate was agreed upon. A comparison between the FMO and PMOs was conducted to identify the systems and process gaps that would have to be brought to closure prior to the end of the transition period.

Also during 1999, an inventory of administrative space and the associated assets (equipment, hardware, and space) assigned to NP&E employees transferring to the Advanced Services affiliate was initiated. The asset inventory for California was completed December 10, 1999 and the space inventory was complete December 17, 1999. The asset inventory for Missouri and Connecticut was completed on December 15, 1999. The space inventory for Missouri and Connecticut and the asset and space inventory for Texas, Oklahoma, Kansas, and Arkansas are scheduled to complete in 2000.

In the Ameritech States, separate affiliates are certified and have been operating for several years. The only service requiring migration from the LEC to the separate affiliate is Frame Relay since Ameritech provides all xDSL Advanced Services through its Advanced Services affiliate—AADS. All Ameritech Frame Relay switches are currently owned exclusively by AADS.

Within 270 days of MCD, all existing Ameritech LEC Frame Relay customers must be converted to AADS. In order to transition Frame Relay service from the LECs to AADS, Ameritech has filed tariffs to grandfather the offering by incumbent Local Exchange Companies and has issued customer notices indicating that no new activations of Frame Relay will be offered after October 27, 1999.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
1	4a	VP-ASI NP&E was appointed	10/16/99	10/16/99
1	4a	Director-Staff Support/Measures was appointed to manage the ASI NP&E staff	11/16/99	11/16/99
1	4a	Regional VP-Network Engineering (SWB & SNET Regions) was appointed	12/01/99	12/01/99
1	4a	Regional VP-Network Engineering (AIT Region) was appointed	12/01/99	12/01/99
1	4a	Regional VP-Network Engineering (PB & NB Regions) was appointed	12/16/99	12/16/99
1	4a	Director-Network Planning was appointed	02/01/00	02/01/00
1	4a	Activity to support Advanced Services data equipment asset transfer proceedings in California	11/12/99	11/12/99
1	4a	Activity to support Advanced Services data equipment asset transfer proceedings in Missouri	11/05/99	11/05/99
1	4a	Activity to support Advanced Services data equipment asset transfer proceedings in Connecticut	11/30/99	11/30/99

## 2. Methods & Procedures

**Methods & Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
1	4a	Business rules for time charging completed and rolled out	10/14/99	10/14/99

A subset of the Core Team, consisting of three NP&E Directors, was established to ensure that the Business Process and System M&Ps required for NP&E to operate in ASI as a separate affiliate were developed and delivered to ensure the required structural, transactional, and non-discrimination requirements of the Merger Conditions were properly implemented. The three Director positions and their respective responsibilities are:

- Director – Data Process Development and Implementation: This Director has the overall responsibility to ensure the required NP&E Business Process and System M&Ps are developed and delivered as required for the Advanced Services affiliate. The primary system and process requirements to meet this Condition were identified and are due dated in 2000:
- Director - Staff Support/Measures: This Director has the overall staff support responsibility for NP&E in the Advanced Services affiliate and is responsible for NP&E Business Process and System M&P requirements for the Advanced Services affiliate. This Director has chaired weekly meetings with personnel either in or being transferred to the Advanced Services affiliate to confirm status and/or resolve the systems and process gaps internal to or affecting the Advanced Services affiliate.
- Director – Transport and Data Process and Methods Support: This Director has the overall responsibility for the actual development and delivery of the NP&E Business Process and System M&Ps for the Advanced Services affiliate.

## 3. Training

The NP&E conditions and milestones for compliance were first presented to the NP&E Directors in the Outside Plant OSP/Central Office Engineering (“COE”) team committee on October 7, 1999. The purpose of this meeting was to discuss preliminary views of the steady state requirements of the Merger Conditions and to begin to address the potential roles and responsibilities of Outside Plant engineers (“OSPE”) versus the Central Office Engineering (“COE”) engineers under the new environment. Each Director was responsible for initially training those employees within their organizations, whose work activities were associated with or impacted by data services migrating to the Advanced Services

affiliate, on the engineering requirements under paragraph 4a of the Merger Conditions.

Additionally, extended planning with critical Subject Matter Experts (“SMEs”) resulted in:

- Evaluating each SBC Region’s Engineering PMOs,
- Designing the FMO for the Advanced Services affiliate,
- Identifying systems gaps,
- Identifying process gaps, and
- Identifying the human resources required.

An Area Manager, reporting to the Director – Data Process Development and Implementation in NP&E, was assigned to log and track all initial employee training and subsequent training as M&Ps are developed or revised and rolled out as appropriate in NP&E for the Advanced Services affiliate and the incumbent LECs.

#### 4. Internal Controls

An Area Manager responsible for departmental auditing functions in NP&E was assigned under the Director – Data Process Development and Implementation in NP&E to provide assurance of NP&E’s compliance with the merger requirements under Condition 1. This individual is responsible for designing those audits and controls. This responsibility includes validating the appropriate knowledge of and adherence to the Merger Condition requirements and required NP&E work processes.

The Area Manager responsible for departmental auditing functions in NP&E assigned under the Director–Data Process Development and Implementation in NP&E will monitor NP&E’s compliance with the merger requirements under Condition 1 and is responsible for the monitoring controls or audits. Any instances of non-compliance identified in these audits and/or any complaints of non-compliance that are received will be logged and reported to the Merger Compliance Group. These issues will be investigated and documented by the Director – Data Process Development and Implementation in NP&E and the findings will be discussed with the Executive Director – Projects and Core Team Directors who will determine the appropriate corrective action to be taken to prevent any future occurrences.

#### 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Due Date
1	4a	Telco Business Rules for Cost Tracking in Support of the NP&E Broadband Infrastructure Project Including ASI Affiliate Billing	10/14/99

## **C. Network Services**

### **1. Compliance**

Following the SBC/Ameritech merger, a functional Network Services Staff organization was created within SBC, headed by the Senior Vice President – Network Services Staff. Reporting to the Senior Vice President – Network Services Staff, is a Vice President – Network (Data) organization with responsibilities that include management of the overall process to meet the SBC LEC Network Services requirements of Condition 1. The General Manager – Data Services also has responsibility for Network Services' compliance activities under Condition 1.

The activities of Network Services during 1999 to support Condition 1 compliance include efforts to ensure satisfaction of the structural, transactional and non-discrimination requirements that are contained in Paragraph 3 regarding 47 U.S.C. 272 (b), (c), (e) and (g). Network Services compliance activities also support the provisioning of Advanced Services during the 180-day transitional period and the interaction of the ILECS with the Advanced Services affiliate.

Network Services operational plans have been designed to ensure compliance with the Merger Conditions. Network Services works both with the existing LEC organizations providing Advanced Services today and the new Advanced Services affiliate to ensure a smooth migration of customers and services with no adverse impact on service. Network services ensures that the wireline network operations organizations (SWBT, PB/NB, Ameritech and SNET) are prepared to interact with the Advanced Services affiliate according to the transition schedule contained in Condition 1. The Network Services organization ensures that Operations, Installation and Maintenance ("OI&M") functions provided to or on behalf of ASI by SBC LECs after the transition period will be available to unaffiliated providers on a non-discriminatory basis.

In 1999, Network Services developed high level timelines regarding Condition 1 requirements. Network Services worked to identify the impacted processes, operations support systems ("OSSs"), work groups and infrastructure items that are required or that require change to implement these Conditions. This effort included formation of project teams across multiple organizations.

Network Services teams prepared project plans with work efforts defined in order to fit into the timelines stipulated in the Merger Conditions. A critical element in these project plans included the identification of all resources needed for implementation, both in terms of equipment and personnel.

### **2. Methods and Procedures**

The identification of affected methods and procedures was an integral part of the work effort of the Network Services Organization in 1999. Network Services

teams had to not only identify which existing processes were affected and would require changes, but also determine and define new processes that would be required to meet the merger commitments.

The identification of Methods and Procedures (“M&Ps”) that are utilized throughout the Network Services Organization in providing Advanced Services had to be identified and the teams worked toward changing those requiring changes and implementing new M&Ps as required.

**Methods & Procedures Table**

Condition	Paragraph	Milestone	Date Completed
1	4	Develop Methods and Procedures for ‘ASI Service Order Examples for SWBT CABS Frame’	12/99
1	4	Develop Methods and Procedures for ‘ASI Conversion Order Examples for Frame Relay Service (PB)’	12/99

### 3. Training

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
1		SWBT Network Operations Staff Managers	ASI/Network Services Overview – Merger Conditions Requirements	Management Meeting	11/3/99
1		SNET Labor Relations, Sales, Service Representative Managers	ASI/Network Services Overview – Merger Conditions Requirements	Management Meeting	11/10/99
1		SNET Network Operations, Sales, Service Representatives Managers	ASI/Network Services Overview – Merger Conditions Requirements	Management Meeting	11/11/99

### 4. Internal Controls

The status of key work efforts that support compliance items are discussed in various working committees and cross-departmental forums. Information from these efforts is gathered and summarized by the Vice President – Network (Data) and discussed on a weekly basis with the Senior Vice President – Network Services Staff, Mr. Van Taylor.

The Senior Vice President – Network Services Staff participates in a weekly call with the organization of the SBC Corporate Compliance Officer, Mr. Charles

Foster, to provide status on all Network Services compliance items. Specific status criteria (i.e. percentage complete, probability of completion within required timeframes) are used to track items in progress.

The Vice President – Network (Data) monitors completed items that require ongoing compliance monitoring. Any instances of non-compliance for items in progress in a monitoring mode will be reported directly to the Senior Vice President – Network Services Staff.

#### 5. Documentation

Documentation will be compiled on Network Services Methods and Procedures, Training Materials, Handbook References and website postings regarding specific implementation of the Merger Conditions in 2000.

### **D. Strategic Marketing**

#### 1. Compliance

The EVP Marketing and Strategic Planning organization is responsible for product management for SBC including product promotion and pricing.

During 1999, the marketing organization analyzed the Merger Conditions for its impact on their operations. Marketing and the sales channels activities in 1999 regarding merger compliance involved ensuring that migrating existing Advanced Services customers to the Advanced Services Subsidiary and new customer activations were planned and executed according to the specific requirements in the Merger Conditions.

To assist with Condition compliance key individuals have been appointed as follows:

<b>Condition</b>	<b>Responsibility Delegated To</b>	<b>Role / Responsibility</b>
1	Executive Director – Marketing Support	Overall Team Leader responsible for ensuring compliance in the business unit
1	Associate Director – Market View	Sub-Team member coordinating required activities for SBC Operations, Inc.

Marketing reviewed the Condition and assigned responsibility for its requirements to a team leader and in some instances sub-team leaders. Each individual has been assigned the responsibility of managing / informing an area of the business involved.

Marketing conducted an evaluation of existing Methods & Procedures (“M&P”) and Standard Operating Procedures (“SOP”). Implementation procedures to ensure compliance with the Merger Conditions have been initiated.

Marketing continues to identify organizations participating in the planning, design and development of product offerings for Advanced Services. Marketing activities will ensure isolation of those employees, when appropriate, to ensure structural separation of those involved in implementation and delivery of Advanced Services offerings from LEC service offerings.

To maintain compliance Marketing will continue to inform employees through written communications and training.

## 2. Methods and Procedures

Significant work was also commenced in late 1999 on the development of methods and procedures to ensure compliance with the joint marketing provisions of Condition I. These M&Ps will address the general joint marketing provision within Condition I (Paragraph 3a) as well as the more granular provisions specifying permitted LEC activity regarding the sales process for new installations (Paragraph 4b), the creation and maintenance of customers’ records (Paragraph 4e), and the servicing of customers’ accounts (Paragraph 4l).

## 3. Training

Assessments were performed to identify the notification procedures to meet the 2000 commitment.

## 4. Internal Controls

Marketing adheres to the Commission and state rules concerning structural separation, non-discrimination, cost accounting, and transactional requirements involving affiliates.

## 5. Documentation

Documentation will be compiled on Marketing’s M&Ps, training materials and any website postings regarding specific implementation of Merger Conditions in 2000.

# Section 4: Corrective Action

As reported above in Section 3(A)4, there was an internal question as to the operative date when SNET was required to file tariff changes to terminate SNET’s offering of jurisdictionally interstate Advanced Services. As soon as SBC’s compliance attorney brought this matter to Mr. Charles Foster’s attention, Mr. Foster apprised the Commission of this issue. A tariff to withdraw the offering of Advanced Services was filed two days later with the Commission. A letter reporting this matter to the Chiefs of the Enforcement Bureau and the Common Carrier Bureau was filed on February 7, 2000.



In addition, as summarized in the Introduction (Section 5.3), the Corporate Compliance Officer of his delegates received two external reports of non-compliance related to Condition 1 in 1999.

- A state regulatory Commission in the Ameritech states requested further information and concurrence by SBC/Ameritech to the state's interpretation of SBC/Ameritech's required compliance activities within six months of MCD. SBC responded with clarifications to several items. Discussions with the regulatory Commission were ongoing at the end of 1999 as to the need for additional certifications for AADS. SBC believes that it is in compliance.
- A Competitive Local Exchange Carrier ("CLEC") complained to the Commission regarding issues raised in a docketed proceeding in California (A.99-10-009) concerning the Advanced Services affiliate's interconnection agreements. The CLEC maintained that the provision in the interconnection agreements allowing the affiliate exclusive use of shared lines in providing DSL was no longer permissible under the Commission's November 18, 1999 line sharing order. SBC has responded in the California proceeding and separately to the CLEC that it believes it was in compliance with the Merger Conditions.

**Condition Number: 2****Condition Name: Discounted Surrogate Line Sharing Charges****Section 1: Summary**

All 1999 commitments related to implementation of surrogate line sharing were met. Beginning with the Year 2000, SBC/Ameritech's incumbent Local Exchange Carriers ("LECs") are required to waive the non-recurring charges for new installations of line sharing once line sharing becomes available in each geographic region.

During 1999, Condition 2 requires SBC/Ameritech to provide Discounted Surrogate Line Sharing Charges to unaffiliated Advanced Service providers under specific Conditions outlined below. As the following paragraphs demonstrate, SBC/Ameritech has met and complied with each 1999 milestone of this Condition.

SBC's incumbent LECs offered the Surrogate Line Sharing discount for UNE local loops in accordance with paragraphs 8 and 14 of the SBC/Ameritech Merger Conditions on October 22, 1999. This discount shall remain in place until SBC's incumbent LECs begin providing line sharing to unaffiliated providers in the same geographic area. The discount is for ADSL local loops only and is applied as follows:

- discount 50% of the lowest monthly recurring charge per zone per state.
- discount 50% of the lowest non-recurring line or service connection charge per state.
- bill 100% of the lowest nonrecurring service order charges (i.e., there is no discount for service order charges).

This discount applies only where the SBC/Ameritech incumbent LEC either provides Interim Line Sharing for new activations of ADSL service to a separate Advanced Services affiliate or utilizes Interim Line Sharing to provide new activations of ADSL service provided by the incumbent LEC in the same serving wire center as the unaffiliated provider's Advanced Service. A list of the wire centers that qualify for this discount can be found at: <https://clec.sbc.com>.

**Section 2: Person Responsible**

Name	Title
John Stankey	President - Industry Markets

**Section 3: Implementation of Condition****1. Compliance**

Prior to the Merger Close Date ("MCD"), SBC/Ameritech coordinated the necessary methods, systems, and billing work required to properly comply with the Merger Conditions found in paragraphs 14a through 14d throughout its

operating region. After the effective date of these Merger Conditions, each region did the necessary systems and billing work to ensure the Merger Conditions were met. Following the systems and billing work efforts, internal testing was done to ensure the changes were put in place appropriately. By November 30, 1999, all SBC/Ameritech operating regions where this Condition was effective had done the necessary testing and systems work to comply with this Condition.

On October 27, 1999, all Competitive Local Exchange Carriers ("CLECs") were notified through Accessible Letters (CLEC 99-157, CLECN 99-097, CLECCT 99-035, and CLECC 99-334) as to the specifics on how to obtain the Surrogate Line Sharing discount. The Accessible Letters stated that to obtain discounted surrogate line sharing charges, a telecommunications carrier must provide written notification to SBC/Ameritech identifying the unbundled loops that it is using or will use to provide a qualifying Advanced Service. For unbundled loops ordered on or after October 25, 1999, such notification was required on the Local Service Request ("LSR") at the time the order was placed as described in the ordering instructions located in the CLEC Handbook (<https://clec.sbc.com>). For unbundled loops in service prior to October 25, 1999, the discounted surrogate line sharing charges would also apply on an ongoing basis. SBC/Ameritech requested that for qualified loops in service prior to the effective date of this Condition, CLECs should notify SBC/Ameritech by November 22, 1999 and the discount would then be applied retroactively to October 25, 1999.

Several CLECs signed the Commission's Merger Conditions Appendix amendment to include this discount as part of their interconnection agreements, but as of December 31, 1999, no CLEC had requested this discount on any of its orders.

SBC/Ameritech Product Teams completed the necessary methods and billing work in each SBC/Ameritech operating region where this discount applied in order to be able to offer CLECs the discounts as covered in the interconnection contract amendment called "Appendix FCC Merger Conditions." This document was sent out via an Accessible Letter to all CLECs October 14, 1999, as required by the Merger Conditions, within 10 days after the Merger Close Date.

As of December 31, 1999, 56 interconnection agreement amendments were either prepared or filed for Discounted Surrogate Line Sharing Charges.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Status
2	14	Identify/Clarify Issue	8-2-99	Completed 8-2-99
2	14	Establish 8-state product team for meeting	8-12-99	Completed 8-12-99

Condition	Paragraph	Milestone	Due Date	Status
2	14	Provide product team 8-state list of lowest available unbundled loop rates.	8-20-99	Completed 9-24-99
2	14	Draft and finalize Marketing Service Descriptions	8-27-99	Completed 8-27-99
2	14	Establish Surrogate Line Sharing charges for CLECs requesting discount per FCC Merger Conditions	9/24/99	Completed 10-22-99
2	14	LSR updates required for providing discounts (SWBT)	10-23-99	Completed 10-23-99
2	14	LSR updates required for providing discounts (Pacific)	10-23-99	Completed 10-23-99
2	14	LSR updates required for providing discounts (SNET)	10-23-99	Completed 10-23-99
2	14	Complete M&Ps (SWBT)	10-18-99	Completed 10-18-99
2	14	Complete M&Ps (Pacific)	10-18-99	Completed 10-18-99
2	14	Complete M&Ps (SNET)	10-18-99	Completed 10-18-99
2	14	Update CLEC Handbook	10-21-99	Completed 10-21-99
2	14	Send notification of discounts to CLECs via Accessible Letter.	10-27-99	Completed 10-27-99
2	14	Amend 8-state Interconnection Agreements	11-7-99	Completed, dates vary
2	14	CABS billing update (SWBT)	11-2-99	Completed 11-2-99
2	14	CABS billing update (SNET)	11-30-99	Completed 11-30-99
2	14	CABS billing update (PB)	11-7-99	Completed 11-7-99

## 2. Methods and Procedures ("M&P")

M&Ps were developed for successful implementation of the discounted surrogate line sharing charges. All CLEC M&Ps have been placed into the CLEC Handbook that can be found at the following URL address: <https://clec.sbc.com>. Internal company specific M&P's were also created.

For Pacific and Nevada Bell, a Training Manager conducted formal training in November, 1999. The Local Service Center M&Ps can be found in the document entitled "Loop Promotional Discounts." For Southwestern Bell Telephone Company ("SWBT"), similar training was conducted and the methods and procedures are contained in the document entitled "What's New #204." In Southern New England Telephone ("SNET"), the surrogate line sharing M&Ps are found in its "DSL Methods" document, a paper document. These documents are all provided to the SBC/Ameritech Local Service Centers ("LSCs") or

equivalent management team and are covered and available to the Service Representatives at each of the LSCs.

Other documents such as the October 14 and 27, 1999 Accessible Letters were also sent out to the CLECs regarding this Merger Condition. The Accessible Letters notified the CLECs of this discount availability and the locations for obtaining more information.

### 3. Training

The LSC's required methods and procedures to be developed so that the service representatives could properly provide the discount to a CLEC's order. The specific M&P documentation used at the LSCs are referenced below under the table titled "Documentation."

Training for employees is an on-going project. As compliance issues arise, new products are introduced, and existing products are enhanced, training for contact employees is essential. Training takes a variety of modes, depending on the breadth of the change. Training requirements will be identified, developed and implemented on a continuing basis to insure compliance with this Condition.

The CLEC account managers, and the LSCs are conducting training to properly address the requirements of this Condition. On October 27, 1999, all SBC (8-state) account teams were notified of Accessible Letters that went out to the CLECs. The Accessible Letters communicated the availability of several merger related promotional offerings and what CLECs were required to do in order to receive those discounts. The account managers were given points of contact to refer any questions from their customers.

For account managers, bi-weekly Wholesale Division conference calls are held to discuss new procedures and initiatives. Account managers also receive Accessible Letters and have access to the CLEC SBC Website and handbook tools. Seminars are regularly scheduled to introduce or update account manager about products. In addition, ad hoc workshops are planned in the future for Wholesale employees as the Conditions dictate.

Additionally, the Wholesale Division marketing organization holds weekly product team conference calls to continually work towards successfully implementing the discounted surrogate line sharing charges. Included on the product team were representatives from Pacific Bell, Nevada Bell, Southwestern Bell, and Southern New England Telephone. The product team also included Local Service Center, Local Operations Center, Methods Writers, Billing, Finance, and Wholesale Marketing representation. Each meeting included a discussion of the status of deliverables, including internal training. At the conclusion of the product team meetings, 100% of the product team members were trained sufficiently to handle their related issues and/or provide any additional internal training within their

respective organizations. The dates of the weekly product team meetings are set forth in the following training table.

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
2	14	Product Team	Issues to resolve for corporate compliance	Weekly status meetings	8/19/99, 8/26/99, 9/2/99, 9/9/99, 9/16/99, 9/23/99, 9/30/99, 10/7/99, 10/14/99, 10/21/99, 10/28/99, 11/4/99, and 11/11/99

Note: 100% of the Product Team members were trained over the course of these meetings.

#### 4. Internal Controls

Internal controls have and will continue be identified, developed, and implemented to insure compliance with this Condition. Product Managers assigned to each Condition requirement are responsible for insuring the appropriate controls are in place and effective.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

#### 5. Documentation

**Documentation**

Condition	Paragraph	Description of Document	Date Available
2	14 a-e	Accessible Letter-CLEC 99-025	10-15-99
2	14 a-e	Appendix FCC Merger Conditions (SBC's proposed amendment to CLEC Generic Interconnection Agreement)	10-14-99
2	14 a-e	Accessible Letter - CLEC 99-157	10-27-99
2	14 a-e	Accessible Letter - CLECN 99-097	10-27-99
2	14 a-e	Accessible Letter - CLECCT 99-035	10-27-99
2	14 a-e	Accessible Letter - CLECC 99-344	10-27-99
2	14 a-e	What's New #204	10-8-99
2	14 a-e	Loop Promotional Discount	10-27-99

**Section 4: Corrective Action**

No corrective actions were required in 1999.

**Condition Number: 3****Condition Name: Advanced Services OSS****Section 1: Summary**

The Advanced Services Operational Support Systems (“OSS”) Merger Condition provides for options for pre-ordering and ordering components used to provide digital subscriber line and other Advanced Services. This Condition also requires SBC/Ameritech to provide unaffiliated carriers with access to the OSS enhancements on a specified schedule and makes provisions for voluntary payments if dates are missed.

SBC/Ameritech has completed all 1999 commitments for Condition 3 in 1999.

**Section 2: Person Responsible**

Name	Title
Ed Glotzbach	Executive Vice-President & CIO

**Section 3: Implementation of Condition****1. Compliance**Paragraphs 15-18

Merger compliance plan tracking for these paragraphs is managed by Ed Glotzbach, Executive Vice-President and CIO – SBC Services (Team Leader for SBC Services), on an ongoing basis and is also monitored by the SBC/Ameritech Corporate Compliance Officer, Mr. Charles Foster and the SBC/Ameritech Merger Compliance Group led by Ms. Mary Tudela, Senior Vice-President – SBC Compliance. All Condition 3 requirements have been assigned to project managers reporting to the SBC Services Team Leader, Ed Glotzbach. Mr. Glotzbach reports weekly to Mr. Charles Foster on the progress his team has made towards meeting compliance.

Paragraph 15b

The requirements of Paragraph 15b have been met. Direct access to SORD or an equivalent Service Order Processing System for pre-ordering and ordering xDSL and Advanced Service had already been available pre-merger at Southwestern Bell Telephone Company (“SWBT”) (Accessible Letter CLEC99-147 dated October 18, 1999) and Pacific Bell (“PB”) (Accessible Letter CLECC99-331 dated October 18, 1999). Nevada Bell (“NB”) offered it via an Accessible Letter (CLECN99-087 dated October 18, 1999). Ameritech (“AIT”) offered it via Ameritech’s and CLEC website (TCNet.ameritech.com) on October 15, 1999. Southern New England Telephone (“SNET”) offered it via an Accessible Letter CLECCT99-028 dated October 18, 1999.



Paragraph 15c(1)

The requirement to complete Phase 1 Public Plan of Record ("POR") sixty days after Merger Close Date for xDSL and Advanced Services Datagate and EDI Interfaces has been met.

The POR was developed with input gathered from two CLEC forums held in Chicago, Illinois on November 3, 1999 and Dallas, Texas on November 10, 1999. The POR (SBC Tracking No. 76-81) was published on December 7, 1999 on the SBC website (clec.sbc.com) and Ameritech's website (TCNet.ameritech.com) by the following team:

<b>Title</b>	<b>Company</b>	<b>Responsibility</b>	<b>Team Assigned</b>
Project Management	AIT	Customer Care & Billing/Regulatory	Billing
IS Planning	AIT	Customer Care & Billing	Billing
Business Architect	PB	Billing	Billing
Area Manager	SWB	Wholesale Billing	Billing
Technical Director	SWB	Billing	Billing
Director	SBC	OSS Planning/Regulatory Support	Core Team
Director	SBC	Director IT	Core Team
Sr. Business Manager	SBC	IT	Core Team
Director	AIT	Regulatory	Core Team
Strategic Director	AIT	Information Industries	Core Team
Director	SBC	Gateway Services (8 state)	Core Team
Director	AIT	Customer Care & Billing	Core Team
Counsel	AIT	Legal	Core Team
Manager	SNET	Complex	Maint/Repair
Manager	SNET	POTS	Maint/Repair
Area Manager	SBC	EB/TA	Maint/Repair
Manager	SNET	IT	Maint/Repair
Technical Director	SBC	EDI & EB	PreOrder/Ordering & Billing
Area Manager	SWB	LASR Project Manager	PreOrder/Ordering team
Area Manager	SBC/PB	M&P Business Process	PreOrder/Ordering team
Director	SBC	Special Markets - OSS Design & Development	PreOrder/Ordering team
Technical Director	SWB	IT LEX & LASR	PreOrder/Ordering team
Business Consulting	AIT	OBF & EDI Standards	PreOrder/Ordering team
Architecture	AIT	OSS Planning	PreOrder/Ordering team
Business Consulting	AIT	Ordering and PreOrdering	PreOrder/Ordering team
Area Manager	PB	M&P Business Process	xDSL
Area Manager	PB	Network Operations Staff (Perf. Measures)	xDSL

<b>Title</b>	<b>Company</b>	<b>Responsibility</b>	<b>Team Assigned</b>
Area Manager	SBC	8 state Wholesale DSL Product Manager	xDSL
Area Manager	SBC	PreOrder Verigate/DataGate/EDI/CORBA	xDSL
Area Manager	SWB	OSS Planning (Broadband/DSL)	xDSL
Specialist	SNET	Wholesale DSL M&P	xDSL
Manager	SNET	Wholesale ADSL M&P	xDSL
Project Manager	PB	Network	xDSL
Project Manager	AIT	Project Management - Process Mgmt	xDSL
Area Manager	SNET	Network	xDSL
Principal Technical Architect	PB	Tech Director (WebQual Arch/Development)	xDSL
Area Manager	PB	M&P Business Process	xDSL
Director	NB	Network	xDSL
Area Manager	PB	Network	xDSL
Sr. Specialist	SNET	Network	xDSL
Sr. Manager	AIT	OSS Strategy & Development	xDSL & Core Team
Area Manager	SBC	OSS Planning	xDSL & Core Team
Area Manager	PB	Wholesale Operations	xDSL & Maint/Repair
Business Consulting	AIT	IT, EBTA, xDSL	xDSL & Maint/Repair

Several CLECs requested enhancements and, accordingly, SBC/Ameritech initiated Phase 2 Collaborative Workshops.

#### Paragraph 18

SBC/Ameritech has completed the requirement and deployed the required billing discounts to provide 25% discount off recurring and non-recurring charges on unbundled loops used for Advanced Services until the development and deployment of the new Operations Support Systems ("OSS") option.

Accessible Letters dated October 27, 1999 for SWBT (CLEC99-157), PB (CLECC99-344), NB (CLECN99-097) and SNET (CLECCT99-035) were issued to offer the discount. Ameritech offered CLECs the discount via the [www.TCNet.ameritech.com](http://www.TCNet.ameritech.com) website on October 15, 1999. Billing discounts were available in SWBT November 2, 1999, PB/NB November 7, 1999, SNET November 30, 1999, and AIT November 8, 1999.

As of December 31, 1999, 82 interconnection agreement amendments were either prepared or filed for Advanced Services OSS Discounts.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
3	15b	Offer to Develop Direct Access to SORD or equivalent Service Order Processing Equivalent System for pre-ordering and ordering xDSL and Advanced Services	10/25/99	10/18/99
3	15c(1)	Complete Phase 1 Public Plan of Record ("POR") sixty days after Merger Close Date for xDSL and Advanced Services Datagate and EDI Interfaces.	12/7/99	12/7/99
3	15c(1)(A)	Letter filed with FCC Secretary by Marian Dyer	12/10/99	12/9/99
3	18	Provide 25% Discount off Recurring & Non-Recurring Charges on Unbundled Loops used for Advanced Services (Advanced Services OSS discount) until development and deployment of the new OSS option.	11/7/99	11/2/99

## 2. Methods and Procedures ("M&P")

A review of existing M&P determined that they were sufficient to address the 1999 merger commitments.

## 3. Training

Various levels of training requirements have been identified. These levels range from a general awareness to detailed knowledge of the Merger Conditions. Employees that required immediate detailed knowledge have received on-the-job training. Classroom courses are planned for other employees who will require this detailed knowledge. Planning is also underway for meeting notes and discussion guides to be distributed to those employees who require either a general awareness or working knowledge of the Merger Conditions. Existing training addressed the completed 1999 commitments.

## 4. Internal Controls

The SBC/Ameritech Interconnection Services organization has been structured to account for the 13-state region. Job positions have been created and managers assigned to specific functional areas. These areas include project management, training, M&P development, CLEC support and OSS certification.

The Program Management office provides weekly input via updates to the Merger Compliance Group. The Program Management Binder includes a summary of all Conditions and requirements for the Conditions, as well as a Merger Conditions Matrix developed by Mr. Charles Foster's organization to track Corporate compliance. Detailed "Status Confirmation Reports" are included in

the binder. The Status Confirmation Reports include specific detail describing current status, evidence of compliance, training activities and lists of documents that have been created as a part of the compliance implementation process.

SBC Services' teams are documenting and reporting their compliance weekly through the use of Status Confirmation Reports discussed earlier. These status reports are monitored closely and are used to highlight potential jeopardy situations that may require upper level management intervention to ensure interdepartmental compliance and to obtain any additional resources necessary to ensure full compliance.

Additionally, an SBC/Ameritech Information Technology ("IT") Merger Conditions Compliance Team has been established to ensure overall information systems compliance. The IT Merger Conditions Compliance Team provides weekly status reports to Mr. Glotzbach highlighting progress, issues, and recommended courses of action.

Standard System Development Life Cycle methodologies will be employed, complete with requirements, design and code reviews to insure completeness. System and acceptance testing to insure the quality and performance of the systems will also be undertaken. Specific operation metrics will be developed and implemented to monitor ongoing performance in maintaining the requirements of the system. These activities will be established upon written agreement for the Plan of Record.

A uniform change management process will be established and worked to facilitate corrections of failures, complaints and handle enhancements.

## 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Date
3	15b	CLEC99-147, SWBT	10/18/99
		CLECC99-331, PB	10/18/99
		CLECN99-087, Nevada	10/18/99
		TCNet.ameritech.com	10/15/99
		CLECCT99-028, SNET	10/18/99
3	15c(1)	Plan of Record	12/7/99
		CLEC99-183, SWBT	12/7/99
		CLECC99-372, PB	12/7/99
		CLECN99-112, Nevada	12/7/99
		CLECCT99-051, SNET	12/7/99
		TCNet.ameritech.com	12/7/99
3	15c(1)(A)	Letter filed with FCC Secretary by Marian Dyer	12/9/99

Condition	Paragraph	Description of Document	Date
3	18	CLEC99-157, SWBT	10/27/99
		CLECC99-344, PB	10/27/99
		CLECN99-097, Nevada	10/27/99
		CLECCT99-035, SNET	10/27/99
		TCNet.ameritech.com	10/15/99

#### **Section 4: Corrective Action**

Sufficient controls were in place in 1999 such that no corrective actions were required in 1999.

**Condition Number: 4****Condition Name: Access to Loop Information for Advanced Services****Section 1: Summary**

Condition 4, Paragraph 19 states that SBC/Ameritech shall provide non-discriminatory access to the same local loop information for the deployment of xDSL and Advanced Services that is available to SBC/Ameritech's retail operations.

Condition 4, Paragraph 20a states that SBC/Ameritech shall provide non-discriminatory pre-order OSS access to theoretical loop length on an individual address basis. This access was available in the Southwestern Bell Telephone Co., ("SWBT"), Pacific Bell ("PB") and Nevada Bell ("NB") service areas prior to the Merger Close Date ("MCD"). Availability of this service was communicated to the Competitive Local Exchange Carriers ("CLECs") through the Accessible Letter process and a CLEC support management organization. This service will be made available in the remaining SBC/Ameritech service areas as specified by the Merger Conditions (see below):

Connecticut service area: 22 months after the Merger Close Date

Ameritech service area: 22 months after the Merger Close Date

Condition 4, Paragraph 20b states that SBC/Ameritech shall provide unaffiliated telecommunications carriers with non-discriminatory, electronic pre-order Internet access to the theoretical loop length based upon the zip code of end users in a wire center.

The planning processes to meet this requirement are underway and a team, led by an Operations Support Systems ("OSS") Management Director, will be established to develop and deploy this access. Implementation of this commitment is not required until October 7, 2000.

Condition 4, Paragraph 20c states that SBC/Ameritech shall provide unaffiliated telecommunications carriers in the SBC/Ameritech Service Area with non-discriminatory access to loop make-up information regarding the capability of loops to support Advanced Services, whether such access is available by electronic or manual means.

Such access was in place prior to the Merger Close Date for SWBT, PB, NB and Southern New England Telephone ("SNET"). CLECs were notified through the Accessible Letter process. Service in the Ameritech region was established January 7, 2000 and notification to the CLECs was communicated through the TCNet website that same day.

## Section 2: Person Responsible

Person Responsible	
Name	Title
Rick Bradley	President – Interconnection Services

## Section 3: Implementation of Condition

### 1. Compliance

#### Paragraph 20a:

Unaffiliated telecom carriers had non-discriminatory electronic pre-order OSS access to theoretical loop length on an individual address basis in the SWBT, PB and NB service areas prior to the Merger Close Date. Availability of this service was communicated to the CLECs through the Accessible Letter process and a CLEC support management organization.

#### Paragraph 20b

The planning processes to meet this requirement are underway and a team, led by an Operations Support Systems (“OSS”) Management Director, will be established to develop and deploy this access. Implementation of this commitment is not required until October 7, 2000.

#### Paragraph 20c

Access to loop make-up information as described in Paragraph 20c was available to unaffiliated telecommunications carriers prior to the Merger Close Date for SWBT, PB, NB and SNET. CLECs were notified through the Accessible Letter process. Service in the Ameritech region was subsequently established on January 7, 2000 and notification to the CLECs was communicated through the TCNet website that same day.

### Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
4	20a	Provide non-discriminatory electronic pre-order OSS access to theoretical loop length on individual address – SWBT, PB, NB	10/8/99	10/8/99
4	20c	Provide non-discriminatory access to loop make-up information regarding the capability of loops to support Advanced Services, whether such access is available by electronic or manual means.	1/6/00	1/5/00

## 2. Methods and Procedures

### Paragraph 20a

Internal and external Methods and Procedures ("M&Ps") have been established. External methods are available to the CLECs through the CLEC handbook website (<https://clec.sbc.com/clehb>). A merger compliance M&P organization was created, monthly meetings were held and planning was done. This organization consists of 12 management employees. M&Ps for service establishment will be released as business requirements are completed.

### Paragraph 20b

A merger compliance M&P organization was assembled and met monthly to develop plans. This organization consists of 12 management employees. This group will establish new M&Ps as business requirements are completed.

### Paragraph 20c

Internal and external M&Ps have been established for the available service. These methods and procedures are available to the CLECs through the following online websites: <https://clec.sbc.com> and <http://tcnet.ameritech.com>.

## 3. Training

Various levels of training requirements were identified. These levels range from a general awareness to detailed knowledge of the Merger Conditions. Employees that require an immediate detailed knowledge have received on the job training. Classroom courses are being planned for future employees who will require this detailed knowledge. Planning is also underway for meeting notes and discussion guides to be distributed to those employees who require either a general awareness or working knowledge of the Merger Conditions.

## 4. Internal Controls

Organizational management and support teams were formed and are responsible for managing their assignments to ensure the timely implementation, maintenance and ongoing success of their products and other responsibilities. Internal controls were and will continue to be identified, developed and implemented to insure compliance with this Condition. Project managers assigned to each Condition requirement are responsible for insuring the appropriate controls are in place and effective.

Complaint resolution is a key control that is already in place and specific steps are being taken to incorporate this Merger Condition into our existing processes. When complaints are received they are assigned to the appropriate account manager to handle the complaint resolution process. The account manager coordinates with the appropriate entities to develop and implement the necessary plan of action to resolve the issue. Each account manager is responsible for tracking his or her assigned complaints to resolution. For complaints presented to the Commission or state Public Utility Commissions ("PUCs"), a written response is prepared advising both the complainant and the relevant commission



of the outcome. For other complaints, a response is provided to the complainant advising them of the outcome. In addition, all Merger Conditions complaints are coordinated through the Merger Compliance Group.

Organizational management is responsible for managing their assignments in a timely and effective manner. This responsibility includes the identification of problem areas, roadblocks and other customer affecting issues to ensure quick handling. As required, issues are escalated to the appropriate management level to assist in resolution. Merger compliance issues are a top priority for the SBC/Ameritech Interconnection Services organization and the compliance plan we have developed quickly identifies problems for expeditious handling.

When the need for corrective action is identified, either through observations in day-to-day operations, project management oversight, or through our complaint resolution process, the appropriate management level is involved and revised processes are implemented to correct the problem. In order to insure the timely and effective resolution of problems, the Merger Compliance Group is notified when problems are identified that relate to compliance with Merger Conditions.

As a key internal control, complaint resolution may require more than fixing a unique problem for one of our CLEC customers. Resolution may require the development or change of policy and/or procedures in any of the many areas within the Company (e.g. network planning, maintenance, order processing, etc.), or the development or acquisition of new equipment or software to ensure permanent resolution and to prevent reoccurrence issues. Account managers escalate to the appropriate management level if assistance in resolution is required.

## 5. Documentation

The following documents have been retained for Access to Loop Qualification Information. (Paragraph 20):

**Documentation Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Description of Document</b>	<b>Date Available</b>
4	20a	CLEC Handbook SWBT, PB, NB	Currently available for existing service.
4	20a	Letter filed with FCC Secretary by Charles Foster	10/6/99
4	20b	M&P, Accessible Letters, Hard copy of TCNet web page notification – as Conditions are implemented and documentation becomes available.	10/7/00
4	20c	M&P, Accessible Letters, Hard copy of TCNet web page. CLEC Handbook SWBT, PB, NB, SNET	1/5/00

**Section 4: Corrective Action**

Sufficient controls have been put in place through organizational structures and clearly defining management roles and responsibilities. No corrective action was required in 1999.

**Condition Number: 5****Condition Name: Loop Conditioning Charges and Cost Studies****Section 1: Summary**

Merger Condition 5 requires SBC/Ameritech to use UNE costing and pricing methodology to develop and file loop conditioning costs and proposed rates in each state that has not started or completed loop conditioning cost proceedings within 180 days after the Merger Close Date ("MCD"). SBC/Ameritech is also required to offer interim Digital Subscriber Loop ("xDSL") loop conditioning to Advanced Services providers at rates contained in any effective SBC/Ameritech interconnection agreement.

Interim loop conditioning rates have been made available as of October 15, 1999 to all CLECs in states where rates have not been approved. SBC and Ameritech used their CLEC information websites to notify the CLECs of the Merger Conditions, including the availability of loop conditioning. In addition, SBC issued Accessible Letters to the CLECs. In the posted Merger Conditions, SBC/Ameritech offered to amend interconnection agreements to provide xDSL loop conditioning services contained in any effective SBC/Ameritech interconnection agreement in any state, provided the rates for such services are greater than zero, until state-specific rates are approved. SBC and Ameritech also posted on their websites a proposed loop conditioning interconnection agreement amendment that incorporated all the interim rates, terms and conditions required by Condition 5.

Loop conditioning cost and rate proceedings had been completed in Missouri and were in progress in Kansas and Connecticut at the MCD. Cost studies for loop conditioning rates using the Commission's and relevant state commission UNE pricing rules were completed for the remaining SBC/Ameritech states in 1999. Cost based proposed rates will be developed and filed with the remaining state commissions prior to April 5, 2000 (180 days after the MCD).

**Section 2: Person Responsible**

Name	Title
James B. Shelley	President-SBC Regulatory

**Section 3: Implementation of Condition****1. Compliance**

Interim loop conditioning rates have been made available to all CLECs in states where rates have not been approved. SBC and Ameritech used their CLEC information websites (<https://clec.sbc.com> and <http://tcnet.ameritech.com>, respectively) to notify the CLECs of the Merger Conditions, including the availability of interim loop conditioning, on October 15, 1999. In addition, SBC

issued Accessible Letters to the CLECs on that date. In the posted Merger Conditions, SBC/Ameritech offered to amend interconnection agreements to provide xDSL loop conditioning services contained in any effective SBC/Ameritech interconnection agreement in any state, provided the rates for such services are greater than zero, until state-specific rates are approved.

SBC and Ameritech also posted on their websites a proposed interim loop conditioning interconnection agreement amendment that incorporated all the Condition 5 requirements. Subject to true-up, in any state where conditioning rates have not been approved, CLECs can use the Most Favored Nation ("MFN") process to obtain xDSL loop conditioning rates (greater than zero) that are contained in any effective SBC/Ameritech agreement. SBC/Ameritech will obtain the CLECs authorization to perform and agreement to pay for chargeable conditioning before performing the work. SBC/Ameritech will not charge to condition loops less than 12,000 feet to meet the minimum requirements defined in SBC/Ameritech publications.

As of December 31, 1999, 78 interconnection agreement amendments were either prepared or filed for interim loop conditioning charges.

Loop conditioning cost proceedings were completed in Missouri prior to Merger Close and in progress in Kansas and Connecticut at Merger Close. The Public Service Commission of the State of Missouri ordered loop conditioning rates in Case No. TO-99-370 (Issued June 15, 1999) and Case No. TO-99-461 (Issued August 4, 1999). The Kansas Corporation Commission is still reviewing loop conditioning costs and proposed rates in 97-SCCC-710-ARB and 97-SCCC-149-GIT. The Connecticut Department of Public Utility Control ("DPUC") reviewed loop conditioning costs and proposed rates in Docket No. 98-11-10 and loop conditioning costs and rates have now been moved to Docket No. 00-01-02.

As of December 31, 1999, SBC/Ameritech had started the process of preparing the loop conditioning cost studies and rates to file by April 5, 2000 for the remaining SBC/Ameritech states. Loop conditioning cost studies were completed in 1999 for the remaining states using approved state and federal UNE costing methodologies. Cost based proposed rates will be developed based on UNE methods. Thus, the cost studies and proposed rates will be filed with the appropriate state commissions by April 5, 2000.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
5	21	Interim conditioning rates made available- SBC/Ameritech	10/25/99	10/15/99
5	21	Interim conditioning rates, terms, and conditions reflect FCC requirements	10/25/99	10/15/99
5	21	Prepared Arkansas cost study*	12/13/99	12/13/99

Condition	Paragraph	Milestone	Due Date	Date Completed
5	21	Prepared California cost study	12/13/99	12/13/99
5	21	Prepared Nevada cost study	12/13/99	12/13/99
5	21	Prepared Oklahoma cost study	12/13/99	12/13/99
5	21	Prepared Texas cost study	12/13/99	12/13/99
5	21	Prepared Illinois cost study	12/31/99	12/31/99
5	21	Prepared Indiana cost study	12/31/99	12/31/99
5	21	Prepared Michigan cost study	12/31/99	12/31/99
5	21	Prepared Ohio cost study	12/31/99	12/31/99
5	21	Prepared Wisconsin cost study	12/31/99	12/31/99

\* In Missouri, Kansas and Connecticut, loop conditioning cost proceedings were already started or completed as of Merger Close Date.

## 2. Methods and Procedures

No new methods and procedures ("M&Ps") are required for interim loop conditioning rates. Notification of the availability of interim rates was made through established distribution channels (i.e., Company websites) in accordance with approved federal and state requirements. CLECs who amend their interconnection agreements can obtain xDSL loop conditioning at the uniform interim rates and on the terms and conditions established in Condition 5 by using the established MFN process.

No new M&Ps were required for the loop conditioning cost and rate filings that are due no later than April 5, 2000. The cost studies were conducted according to approved state and federal UNE methodologies. Proposed rates will be determined based on costs in accordance with approved federal and state methods.

## 3. Training

No new training was required to provide interim loop conditioning rates. Loop conditioning interim rates (subject to true up) were made available to Advanced Services providers through an interconnection amendment. The advanced service provider can choose its interim loop conditioning rates from any existing negotiated or arbitrated interconnection agreement where an SBC Incumbent Local Exchange Carrier ("ILEC") is a party, provided the rates are greater than zero. Existing procedures to MFN into the loop conditioning provision of an effective interconnection agreement are used.

No new training was required to develop the cost studies needed to support cost based rates for loop conditioning. Merger Condition 5 mandated the use of UNE methodology. Cost personnel used approved state and federal UNE methodologies for the cost studies.

No new training was required for rate development. Rates are cost based, developed according to UNE methods, and approved by state commissions.

#### 4. Internal Controls

Existing methods of developing costs and rates were used. The methods for each state's loop conditioning cost study were developed in compliance with the federal and relevant state commissions' requirements. In addition to normal cost review procedures, cost study quality checks were performed on all cost studies. The Executive Director-Cost Studies, the Director-Cost Studies, and a Cost Studies attorney at SBC reviewed the cost studies to ensure their conformity with state and federal standards. Quality checks were completed for all the SBC states on December 13, 1999. As a result of the action taken in 1999, the quality checks were completed for all the Ameritech states January 7, 2000.

#### 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Date Available
5	21	Opening of Kansas loop conditioning proceedings 97-SCCC-710-ARB 97-SCCC-149-CIT	4/13/99
5	21	Connecticut DPUC order in Docket No. 98-11-10 ordering filing of xDSL tariff	5/5/99
5	21	Missouri loop conditioning orders TO-99-370 TO-99-461	6/15/99 8/4/99
5	21	Website posting-SBC Merger Conditions including interim loop conditioning	10/15/99
5	21	Website posting-AIT Merger Conditions including interim loop conditioning	10/15/99
5	21	Accessible Letters-SBC CLEC99-142, CLEC99-328, CLECN99-084, CLECCT99-026	10/15/99
5	21	Website posting-SBC Interconnection Agreement Amendment	10/15/99
5	21	Website posting-AIT Loop Conditioning Interconnection Agreement Amendment	10/15/99
5	21	Cost Study-Arkansas	12/13/99
5	21	Cost Study-California	12/13/99
5	21	Cost Study-Connecticut	12/13/99
5	21	Cost Study-Nevada	12/13/99
5	21	Cost Study-Oklahoma	12/13/99
5	21	Cost Study-Texas	12/13/99
5	21	Cost Study-Illinois	12/31/99
5	21	Cost Study-Indiana	12/31/99
5	21	Cost Study-Michigan	12/31/99
5	21	Cost Study-Ohio	12/31/99
5	21	Cost Study-Wisconsin	12/31/99

**Section 4: Corrective Action**

Sufficient controls were in place to ensure that the requirements of this Merger Condition were satisfied and no corrective actions were required in 1999. Quality checks were conducted, or will be conducted, on all loop conditioning cost studies by an Executive Director-Cost Studies, a Director-Cost Studies and Cost Study Attorney.

**Condition Number: 6****Condition Name: Non-Discriminatory Rollout of xDSL Services****Section 1: Summary**

Under Condition 6, SBC/Ameritech was required to designate every wire center in all SBC/Ameritech states as either urban or rural. SBC/Ameritech was also required to designate the ten percent of urban and rural wire centers in each state that have the greatest number of low-income households (the low-income pool.) Once 20 wire centers in a given category in a given state have ADSL deployed, at least ten percent must be in the low-income pool.

Condition 6 had no commitment requirements in 1999; however, identification of the low-income pool and designation of wire centers as urban or rural was accomplished in 1999.

**Section 2: Person Responsible**

Name	Title
Mike Turner	President – SBC Advanced Solutions Inc.

**Section 3: Implementation of Condition****1. Compliance**

Letters were sent to each of the thirteen state commissions in November of 1999 extending an invitation to consult with SBC/Ameritech on the designation of wire centers as either urban or rural. The seven states responding (Texas, Kansas, Illinois, Ohio, Indiana, Michigan, and Wisconsin) met with SBC/Ameritech representatives in 1999 to consult on the designation. In addition, a SBC representative reviewed the urban/rural wire center designations with the Oklahoma Deputy Director and Senior Counsel who concurred with the designations.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date
6	22a	Classify all SBC/Ameritech wire centers as either urban or Rural.	1/6/00
6	22b	Identify 10% low-income urban areas.	1/6/00
6	22c	Identify 10% low-income rural areas.	1/6/00

**2. Methods and Procedures**

No specific Methods and Procedures were required in 1999.

**3. Training**

No Condition 6 training was required for 1999 activities. The VP-General Legal Counsel for Advanced Solutions, Inc. ("ASI") did conduct specific training on Merger Conditions compliance. This training included instructions regarding Section 272 of the Telecommunications Act of 1996, Advanced Services, Joint



Marketing, Line Sharing Provisions, Merger Conditions, and SBC's Code of Business Conduct. This training insured that ASI was following all non-discriminatory and structural separation rules.

#### 4. Internal Controls

Extraordinary effort is being exerted to identify, plan, monitor and meet all the necessary steps to enable SBC to meet the Merger Conditions as well as continue to meet the needs and demands of Advanced Services customers. The Vice Presidents and other direct reports to Mr. Turner meet by phone daily to communicate status and to coordinate the collective activities of the company.

The Team includes the:

- VP-Network Engineering and Planning
- VP-Sales Operations
- VP-Operations
- Senior VP and CFO VP-Transition
- Director-Human Resources
- President – AADS
- VP-General Counsel

Mr. Turner was briefed weekly on all compliance requirements and the ongoing status of Merger Conditions. Through this process, if dates were going to be missed or a problem with any compliance issue was identified, Mr. Turner would have been notified, corrective action would have been developed and all specific details would have been provided to the SBC Corporate Compliance Officer, Mr. Charles Foster.

#### 5. Documentation

ASI has documentation regarding the wire center classifications. A copy of each letter sent to the state commissions is also available.

### **Section 4: Corrective Action**

Sufficient controls were in place so that no corrective action was required in 1999.

**Condition Number: 7****Condition Name: Carrier to Carrier Performance Plan****Section 1: Summary**

During 1999, groups and processes were put in place to collect and analyze the service performance data in order to meet the merger reporting requirements. All applicable service performance data was developed and distributed in November and December of 1999 to meet the Merger Condition requirements for Southwestern Bell Telephone ("SWBT") and Pacific Bell ("PB") & Nevada Bell ("NB"), respectively. Phase I of the Ameritech service performance data covering 11 of the 20 Commission performance measurements, was available in January 2000.

Training of SBC/Ameritech employees responsible for the provisioning and maintenance of all products and services related to the performance measurements is underway throughout the Corporation. This is an ongoing activity to ensure CLECs receive parity treatment or are provided service at or above the benchmarks established by the applicable business rules.

**Section 2: Person Responsible**

Name	Title
Mike Gilliam	Vice President – Long Distance Compliance

**Section 3: Implementation of Condition**

Note: Unless otherwise noted, due to differences in implementation schedules, business rules (California and Nevada), reporting systems and responsible parties, this section is divided into separate sections for Southwestern Bell Telephone Company ("SWBT"), Ameritech ("AIT"), Southern New England Telephone ("SNET"), and Pacific Bell/Nevada Bell ("PB/NB").

**SWBT****1. SWBT Compliance**

Implementation of the 20 SBC/Ameritech merger performance measurements and associated databases in SWBT, using the Texas Business Rules, was the responsibility of the Director-Performance Measurements and the Technical Director-Applications Development.

**SWBT Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24	SWBT began reporting the SBC/Ameritech measures	11/01/99	11/01/99, reported results for 8/99 and 9/99
7	24	Letter from Charles Foster to FCC Secretary documenting satisfaction of the reporting requirements	11/1/99	11/1/99

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24	SWBT began reporting the SBC/Ameritech measures on 11-20-99, and the 20 <sup>th</sup> of each successive month	11/20/99	11/20/99 reported results for 10/99

## 2. SWBT Methods and Procedures

Business Rules for Measurement Development: The SWBT region states utilize the business rules based on the Texas performance measures.

Methods and Procedures ("M&P") for Data Collection & Reporting: The SWBT region states (Texas, Missouri, Oklahoma, Kansas, Arkansas) utilize the requirements documents specifically developed for purposes of Merger performance reporting, based on the business rules for Texas performance measures.

**SWBT Methods & Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24	System/Programming Documentation for 271 Provisioning and Maintenance UNE Measures	N/A	11/99
7	24	Performance Measurements Data Collection Flows	N/A	9/99
7	24	Business Rules for Measurement Development	10/99	10/99
7	24	Projects-In-Progress vehicle for all affected organizations to review and concur on new measurements and changes to existing measurements	10/99	10/99
7	24	M&P for Data Collection and Reporting	N/A	11/99
7	24	System/Programming Documentation for 271 POTS Measures	N/A	10/99
7	24	System/Programming Documentation for 271 Specials Measures	N/A	10/99

## 3. SWBT Training

In 1999, a team led by the Director-Performance Measurements, conducted a total of 36 training sessions throughout the SWBT territory.

Any additional ongoing training will be done on an "as needed" basis. The process and future schedule for SWBT training will be coordinated through the individual organizations as required.

**SWBT Training Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Target Audience</b>	<b>Training Message</b>	<b>Delivery Method</b>	<b>Date</b>
7	24	Installation & Repair ("I&R") Managers	The impact and responsibility of the Network Services Organization regarding performance measures	Live presentation using PowerPoint slides.	6/99 & 7/99
7	24	South Texas – POTS I&R, Maintenance Centers, Installation Control Center ("ICC") Area Managers, Managers, and Technicians	The impact and responsibility of the Network Services Organization regarding performance measures	Live presentation using PowerPoint slides.	7/99
7	24	North Texas – POTS I&R, Maintenance Centers, ICC Area Managers, Managers, and Technicians	The impact and responsibility of the Network Services Organization regarding performance measures	Live presentation using PowerPoint slides	8/99
7	24	Houston – Circuit Provisioning Center, Special Services Maintenance Centers, and Specials I&R	The impact and responsibility of the Network Services Organization regarding performance measures	Live presentation using PowerPoint slides	11/99
7	24	Houston – Construction, Engineering, and FACS Directors	The impact and responsibility of the Network Services Organization regarding performance measures	Live presentation using PowerPoint Slides	11/99
7	24	Kansas, Missouri, Oklahoma and Arkansas	The impact and responsibility of the Network Services Organization regarding performance measures	Live presentation using PowerPoint Slides	11/99

#### 4. SWBT Internal Controls

Southwestern Bell continued to enhance the processes, procedures and controls for the production of all performance measurements. The following steps were implemented:

- Data validation occurs on an on-going basis to insure the accuracy and completeness of all calculated data and to provide notification of identified errors or miscalculations.
- Tools and cross-training were implemented to ensure consistency and continuity of performance data processing within the Performance Measurement organization.
- Internal checks identified some incomplete performance data that had been posted on the website, which occurred when the website was loaded. Corrective steps were implemented to address this issue.
- A performance measurement analysis group, located in San Antonio, Texas, was established on May 15, 1999. This group analyzes, tracks, and validates performance measurements. In addition, this group performs root-cause analysis to determine why a measurement result appears to be out of parity. Subsequently, changes are made to practices, procedures or conduct that needs to be adjusted on a going forward basis.
- A "Projects In Progress" log was created to allow all affected organizations to review and concur on new measurements and changes to existing measurements. This allows all organizations to remain current with all pertinent measurement issues and decisions.

#### 5. SWBT Documentation

**SWBT Documentation Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24	Business Rules for Measurement Development	10/99	10/99
7	24	Projects-In-Progress vehicle for all affected organizations to review and concur on new measurements and changes to existing measurements.	10/99	10/99
7	24	M&P for Data Collection and Reporting	N/A	11/99
7	24	System/Programming Documentation for 271 POTS Measures	N/A	10/99
7	24	System/Programming Documentation for 271 Specials Measures	N/A	11/99
7	24	System/Programming Documentation for 271 Provisioning and Maintenance UNE Measures	N/A	11/99

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24	Performance Measurements Data Collection Flows	N/A	11/99
7	24	Posting of performance measurement results on the website	10/1/99	10/1/99
7	24	Letter from Charles Foster to FCC Secretary documenting satisfaction of the reporting requirements	11/1/99	11/1/99

## AIT

### 1. AIT Compliance

Note: A separate team was assigned responsibility for AIT since the measurements in the Ameritech states were to be implemented based on the systems and processes available in the AIT states. Two separate phases of the performance measurement implementation were required by the Merger Conditions. The first called for data to be reported 90 days post-merger for 11 of the 20 measures with the nine remaining measures to be reported within 150 days of the Merger Close Date.

Implementation of the performance measures and associated database in Ameritech, using the Texas Business Rules, was the responsibility of the Director–Performance Measures. The implementation was project managed by the performance measurement team with the assistance of consultants from Arthur Andersen LLP. Oversight of the project was assigned to a “Performance Core Team” comprised of key Network and Wholesale Market managers, each of whose functional area was to be impacted by these measurements. Implementation of paragraph 24c was not required until 90 days post Merger Close Date.

**AIT Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24c	AIT shall implement performance measurements 2,4-5, 10-13, 15, and 17-19 and provide two months of performance data no later than 90 days after Merger Closing Date	1/6/00	1/6/00
7	24c	Letter from Charles Foster to FCC Secretary demonstrating satisfaction of the reporting requirements	1/6/00	1/6/00

### 2. AIT Methods and Procedures

Business Rules for Measurement Development: The Ameritech region states (Illinois, Michigan, Ohio, Wisconsin, and Indiana) utilized the Texas business rules established in the Merger Conditions.

M&P for Data Collection & Reporting: The Ameritech region states utilized the requirement documents specifically developed for purposes of Merger performance measurement reporting based on business rules for Texas performance measures. AIT methods of data collection, archiving, and reporting performance were incorporated.

**AIT Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24	Business Rules for Measurement Development	12/15/99	12/15/99
7	24	M&P for Data Collection and Reporting	12/15/99	12/15/99

### 3. AIT Training

Performance assurance was stressed at the executive level in the AIT states and was addressed in several forms:

- The Local Service Center (“LSC”) team implemented daily reporting of wholesale service center related measurements.
- The wholesale organization, including the LSC and Local Operations Center (“LOC”) which is responsible for maintenance activities, implemented weekly conference calls where measurements relating to ordering, provisioning, maintenance, and interconnection trunks were addressed.
- The Performance Measurement organization provided overview training for each of these organizations with respect to the Business Rules and how they were implemented in the AIT states. Each organization was required to train its own employees as to the nature of the measurements and the impact to their organization.

**AIT Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
7	24	Network Process Managers	Understanding the impact of performance measurements and liquidated damages – Requirements for developing internal reports	Oral Presentation	10/7/99
7	24	Local Operations Center Management (Provisioning & Maintenance)	Understanding the scope and calculations behind the performance measurements. Requirements for developing internal reports	Oral Presentation	12/14/99

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
7	24	Local Service Center Management	The SBC/Ameritech performance measurements, impacts and obligations of the Service Center	Oral Presentation	1/13/00

#### 4. AIT Internal Controls

The AIT interpretations of the business rules were documented on an issues log which captures the specific issues raised in discussions with SBC/Ameritech subject matter experts, their responses, and subsequent questions and answers relating to those issues. The log identified the date initiated, status, and date closed.

A data validation process existed within Ameritech to insure that all necessary data is captured and to assess the integrity of both retail and wholesale data. A process was utilized by the Regulatory Reporting System ("RRS") administrators to insure that all required data files are received from each data source system for each state. The process validated the number and type of files received.

In addition, Ameritech ran a number of data validation checks each month before running performance reports. The following list of items was validated for provisioning and/or maintenance data:

- Number of records produced each calendar day of the month in each state
- Number of records in the databases not captured because they pertain to other business units or non-valid company codes
- For maintenance records, the Regulatory Reporting System ("RRS") and the Statistical Analysis System ("SAS") were checked to insure that they had the right number of records for trouble reports produced on each calendar day of the month in each state.
- The Network Services organization developed "indicator reports" in legacy reporting systems and reviewed performance on a daily basis.

#### 5. AIT Documentation

**AIT Documentation Table**

Condition	Paragraph	Description of Document	Date Available
7	24	Business Requirements, utilizing the business rules established upon merger which are based on the Texas performance measures	12/15/99 (phase 1) 2/1/00 (phase 2)
7	24	Detailed Coding Requirements, the requirements documents specifically developed for purposes of performance reporting, based on the business rules from the Texas performance measures	12/15/99 (phase 1) 2/1/00 (phase 2)



Condition	Paragraph	Description of Document	Date Available
7	24	The requirement documents developed specifically for the methods and procedures for data collection and reporting of the performance measures	12/1/99
7	24	Original input documents used when measurement data is collected manually	Monthly
7	24	Electronic data records stored in database when measurement data is collected electronically	Monthly
7	24	Posting of performance measurements results on the website	1/6/00
7	24	Letter from Charles Foster to FCC Secretary demonstrating satisfaction of the reporting requirements	1/6/00

## **SNET**

### **1. SNET Compliance**

A separate team was assigned responsibility for SNET since the measurements in the state of Connecticut are scheduled to be implemented no later than 12 months after the Merger Closing Date. Pursuant to the Merger Conditions, the measurements in Connecticut will be based on the Business Rules approved by the Texas Public Utility Commission.

Implementation of the 20 SBC/Ameritech merger performance measures and associated database in Connecticut, using the Texas Business Rules, was the responsibility of the Director–Operations Budgets, Reports and Results and the Technical Director–Applications Development. Planning was initiated to form a separate SNET project team to manage the implementation of the merger performance measures.

### **2. SNET Methods and Procedures**

**Business Rules for Measurement Development:** SNET will utilize the business rules established in the Merger Conditions, which are based on the Texas performance measures, with modifications to accommodate SNET Operating Support Systems.

**M&P for Data Collection & Reporting:** SNET will utilize the requirement documents specifically developed for purposes of performance reporting, based on business rules from Texas performance measures.

### **3. SNET Training**

Performance assurance was addressed at meetings with the Vice President Network Services and the senior staff to focus on performance measures, identify gaps, and develop action plans where required.

Additional meetings are planned throughout the Network Services Organization to promote a better understanding of the importance of meeting performance levels.

Additional on-going training will be done on an "as needed" basis. The process and future schedule for SNET training will be coordinated through the individual organizations as required.

**SNET Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
7	24	Senior Network Services Staff	The impact and responsibility of the Network Services Organization regarding performance measures	Oral Presentation	1/6/00
7	24	Senior Network Services, Finance, Legal, and Regulatory Staff	Understanding the impact of performance measurements	Oral Presentation	1/28/00

#### 4. SNET Internal Controls

As performance measurement results are developed in SNET during 2000, the necessary internal controls will be put in place to ensure conformity with the applicable business rules.

#### 5. SNET Documentation

As SNET implements the business rules for measurement development and adopts methods and procedures for data collection in 2000, SNET is committed to ensure that the appropriate documentation will be developed and utilized.

### **PB/NB**

#### 1. PB/NB Compliance

Implementation of the 20 SBC/Ameritech merger performance measures and the associated display systems for results using the California business rules was the responsibility of the General Manager of Network Services Performance Measures Organization ("PMO"), and the Technical Director Application Development. Implementation for Nevada Bell is the responsibility of the Director – Finance.

**PB/NB Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24	Pacific and Nevada Bell began reporting the measures through web posting with September and October, 1999 results	12/1/99	12/1/99

7	24	Letter from Charles Foster to FCC Secretary demonstrating satisfaction of the reporting requirements	12/1/99	12/1/99
7	24	Pacific and Nevada Bell began reporting the measures on the 20th of the month and each successive month	12/20/99	12/20/99

## 2. PB/NB Methods and Procedures

**Business Rules for Measurements Development:** Pacific Bell and Nevada Bell utilized the existing California rules (used for Section 271 purposes) for 16 of the 20 performance measurements. The other measures are new with the merger conditions and are similar to the Texas measurements.

**M&P for Data Collection & Reporting:** Pacific Bell and Nevada Bell utilized the requirement documents specifically developed for performance measurement reporting (where different from existing Section 271 performance measurement documentation). The M&P integrated Pacific's methods of data collection, archiving, and reporting performance.

**PB/NB Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
7	24	Business Rules for Measurement Development (Pacific and Nevada)	10/1/99	10/1/99
7	24	M&P for Data Collection and Reporting (Pacific)	11/1/99	11/1/99
7	24	M&P for Data Collection and Reporting (Nevada)	11/19/99	11/19/99

## 3. PB/NB Training

During 1999, a team led by the Director - Regulatory Performance Measures, trained employees through out the Network Services organization. In the Pacific Region, Local Wholesale Operations was part of Network Services. Seven training modules were developed so that the content of the training could be customized for each organization.

For personnel responsible for the data collection and reporting, training was in the form of M&P documentation that was developed during the creation of each measure. The M&P were developed to ensure that the process each person used was transferable to any replacement employee.

**PB/NB Training Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Target Audience</b>	<b>Training Message</b>	<b>Delivery Method</b>	<b>Date</b>
7	24	All Network Services Employees	The impact and responsibility (by workgroup function) each employee has regarding Performance Measures	Customized (by workgroup function) Leader Led / Train-the-Trainers  Regulatory Performance Measures Student Guide & Presentations	Ongoing
7	24	Annual Mandatory Coverage of Incumbent Work Force	Understanding Pacific Bell's responsibility and individual responsibility	Web Based	Ongoing
7	24	Nevada Bell Employees		No form yet, but will mimic the Training Package used in California for incumbent employees	Open
7	24	New Hires	Understanding Pacific Bell's responsibility and individual responsibility	Will be included in Annual Mandatory Coverage Process	Ongoing
7	24	Data Collection & Reporting Personnel	Skills to be transferable to any new employee	M&P Documentation	Ongoing

#### 4. PB/NB Internal Controls

The Performance Measures Organization ("PMO") documented all data integrity issues that were identified during the validation process they continually performed.

Through the data validation process, the PMO identified issues that reflect on operational processes, M&P, systems, and reporting. As such issues were identified, corrective action plans were put in place to ensure the integrity of the performance measurement(s) involved. Due to the scope of the affected work groups, formal issue documentation processes were established in Pacific Bell. Nevada Bell benefits from these processes as most systems are used in both regions, and findings were shared.

The formal issue management process mentioned above was put into place to capture and track any action that could affect data integrity or process changes which, in turn, could affect the performance measures. Through this process, the issue was assigned to the appropriate organization, and follow-up was done until completed. Any programming change needed by the Decision Support System

("DSS") was handled within this process by a formal document defining the change being provided to the DSS group or other entity.

A "central workroom" was established with representatives from each operational organization to maintain focus and enhance understanding of the measures and current performance using daily reporting into this central point. Findings from the Pacific Bell efforts were shared with Nevada Bell.

Each week, the Vice President-Pacific Bell, hosted an operations review call where performance on these measures was discussed within the Network Services organization. There was also a biweekly call concentrating on the regulatory performance measures. Each measure/sub-measure was assigned/owned by a vice president in the organization.

#### 5. PB/NB Documentation

**PB/NB Documentation Table**

Condition	Paragraph	Description of Document	Date Available
7	24	Pacific Business Rules for Measurement Development – merger measurements	10/31/99
7	24	Detailed Coding Requirements for those measures developed specifically for the merger measurements	10/31/99
7	24	Pacific M&P for Data Collection and Reporting – merger measurements	11/1/99
7	24	Nevada M&P for Data Collection and Reporting – merger measurements	11/19/99
7	24	Posting of performance measurements results on the website	12/1/99
7	24	Letter from Charles Foster to FCC Secretary demonstrating satisfaction of the reporting requirements	12/1/99

#### Section 4: Corrective Action

##### **SWBT:**

Issues identified in the data validation process led to performance measurements being updated or corrected for the months of August through December 1999. This validation process is currently being enhanced to ensure even greater reporting accuracy.

Plans are underway to post (by May 1, 2000) notification on the web of measurement changes/corrections, pursuant to our ongoing data validation process.

Similar to Pacific Bell, SWBT established a central work group to understand and manage daily performance results.

**AIT:**

As performance measurements were reported, an ongoing data validation process was in place to ensure that all identified changes and/or corrections were promptly reported.

Similar to Pacific Bell, Ameritech is developing a “central workroom” to enhance the understanding and management of the performance measurement results.

**SNET:**

As performance measurements are reported, an ongoing data validation process will be in place to ensure that all identified changes and/or corrections were promptly reported.

**PB/NB:**

A third party auditor commissioned by the California Public Utility Commission's (CPUC) order in the OSS-OII proceeding completed an audit of the performance measures in California. Pacific Bell was able to show compliance with 11 of its 13 assertions. The auditors identified 38 corrective actions for California and 23 for Nevada.

Performance measurements where data inaccuracies and/or omissions occurred were either restated or a solution was put in place to ensure accurate ongoing reporting.

Oversight for the completion of the corrective actions from the external audit was assigned and, as a result, action was initiated on all of the 38 California and 23 Nevada items.

As part of the ongoing process with the CPUC, issues were noted where changes might be needed to some of the agreed upon state performance measurements. These issues were discussed with the CLECs during a semi-annual series of meetings that occurred in February 2000. There was no set date for the California Commission to approve the outcomes agreed upon in this series of meetings.

**Condition Number: 8****Condition Name: Uniform and Enhanced OSS****Section 1: Summary**

Condition 8, Uniform and Enhanced OSS, contains specific provisions concerning the development and deployment of uniform, electronic OSS throughout the 13-state SBC/Ameritech Service Area. This Condition requires an OSS Process Improvement Plan identifying and assessing SBC's and Ameritech's existing OSSs and generally identifying changes needed to implement the OSS commitments required by this Condition. The Condition specifies a specific development and deployment schedule in the SBC/Ameritech service area (except for Connecticut) that provides for commercially ready, uniform application-to-application interfaces using industry standards within 24 months after MCD (assuming specific time frames for various phases).

SBC/Ameritech completed all 1999 commitments for Condition 8 in 1999.

**Section 2: Person Responsible**

Name	Title
Ed Glotzbach	Executive Vice-President & CIO

**Section 3: Implementation of Condition****1. Compliance**

Merger compliance plan tracking for SBC Merger Condition 8, Uniform and Enhanced OSS (paragraphs 25 – 34), was managed by Ed Glotzbach, Executive Vice-President and CIO – SBC Services (Team Leader for SBC Services), on an ongoing basis and was also monitored by the SBC Corporate Compliance Officer, Mr. Charles Foster and his Merger Compliance Group led by Ms. Mary Tudela, Senior Vice-President – SBC Compliance. All Condition requirements were assigned to project managers reporting to Ed Glotzbach. Mr. Glotzbach, reported to Mr. Charles Foster on progress toward meeting compliance on a weekly basis.

**Condition 8 Paragraph 25**

SBC/Ameritech shall provide an OSS Process Improvement Plan no later than the MCD.

Complete. The OSS Process Improvement Plan submitted to the Commission on October 6, 1999 was based on an evaluation of capabilities of the existing systems across the 13 states. The Plan was prepared by the team members as represented in the following table.

<b>Title</b>	<b>Company</b>	<b>Organization</b>
Director	SBC	OSS Planning/Regulatory Support
Director	SBC	Information Technology
Sr Business Manager	SBC	Information Technology
Director	AIT	Regulatory
Strategic Director	AIT	Information Industries
Director	SBC	Gateway Services (8 state)
Director	AIT	Customer Care & Billing
Legal Counsel	AIT	Legal

#### Condition 8 Paragraph 29

SBC/Ameritech shall offer to develop direct access to Southwestern Bell Order Retrieval and Distribution ("SORD") and Ameritech's and SNET's equivalent service order processing system.

This Condition was completed as follows: (1) The offer was issued via Accessible Letters dated October 18, 1999 for Southwestern Bell Telephone Co. ("SWBT") (CLEC99-147), Pacific Bell ("PB") (CLECC99-331), Nevada (CLECN99-087) and Southern New England Telephone ("SNET") (CLECCT99-028). (2) The offer was posted on the Ameritech TCNet website (<http://tcnet.ameritech.com>) on October 15, 1999.

#### Condition 8 Paragraph 30

SBC/Ameritech shall offer to develop and deploy enhancements to the existing Electronic Bonding Interface ("EBI") for OSS that support maintenance and repair of resold local services or UNE and UNE combinations.

This Condition was completed as follows: (1) The offer was issued via Accessible Letters dated October 18, 1999 for SWBT (CLEC99-145), PB (CLECC99-330), Nevada (CLECN99-086) and SNET (CLECCT99-027). (2) The offer was posted on the Ameritech TCNet website (<http://tcnet.ameritech.com>) on October 15, 1999.

#### Condition 8 Paragraph 32

Within 30 days after Merger Closing, SBC/Ameritech shall begin to negotiate with interested CLECS a uniform change management process.

An invitation to discuss the SBC/Ameritech 13-State Change Management Process was issued to the CLECs via Accessible Letters dated November 1, 1999 (CLECN99-100, Nevada; CLEC99-160, SWBT; CLECCT99-036, SNET; CLECC99-350, California) and via TCNet (<http://tcnet.ameritech.com>) on November 1, 1999. An initial meeting was held on November 17, 1999, in Chicago, Illinois, with 43 representatives from 15 different CLECs and SBC. Eighteen volunteers representing nine different CLECs and SBC from the initial meeting formed a team to draft the change management process.



As of December 31, 1999, 157 agreement amendments were either prepared or filed for the Uniform Change Management Process.

**Compliance Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
8	25	SBC/Ameritech shall provide an OSS Process Improvement Plan no later than the Merger Close Date.	10/8/99	10/6/99
8	29	SBC/Ameritech shall offer to develop direct access to SORD and Ameritech's and SNET's equivalent service order processing system.	10/18/99	10/15/99 (AIT)
8	30	SBC/Ameritech shall offer to develop and deploy enhancements to the existing EBI interface for OSS that support maintenance and repair of resold local services or UNE and UNE combinations.	10/18/99	10/15/99 (AIT)
8	32	Within 30 days after Merger Close, SBC/Ameritech shall begin to negotiate with interested CLECS a uniform change management process.	11/8/99	11/1/99

## 2. Methods and Procedures

Existing M&P were reviewed and determined to be sufficient to address the 1999 commitments

## 3. Training

Various levels of training requirements were identified for current and future commitments. These levels ranged from a general awareness of the Merger Conditions to detailed knowledge. Employees requiring an immediate detailed knowledge received on the job training. Action was initiated in 1999 to plan for classroom courses for future employees who will require this detailed knowledge. Planning was also initiated for the distribution of meeting notes and discussion guides to those employees requiring either a general awareness or working knowledge of the Merger Conditions.

As a result of the review conducted on existing training, existing training was found to be sufficient for the 1999 commitments.

#### 4. Internal Controls

Interconnection Services was structured to account for the 13-state region. Job positions were created and managers were assigned to specific functional areas. These areas included project management, training, M&P development, CLEC support and OSS certification.

The program management office provided weekly input via updates to the Merger Compliance Group. The program management binder was updated to include a summary of all Conditions and requirements for the Conditions, as well as a Merger Conditions Matrix developed by Mr. Charles Foster's Merger Compliance Group to track Corporate compliance. Detailed "Status Confirmation Forms" were included in the binder. The Status Confirmation Forms included requirement specific detail describing current status, evidence of compliance, training and lists of documents that were created as a part of the compliance implementation process.

SBC Services teams documented and reported their compliance weekly through the use of Status Confirmation Reports discussed earlier. These status reports were monitored closely and were used to highlight potential jeopardy situations that might have required upper level management intervention to ensure interdepartmental compliance and/or to obtain any additional resources necessary to ensure full compliance.

Additionally, an IT Merger Conditions Compliance Team was established to ensure overall information systems compliance. The IT Merger Compliance Team provides weekly status reported to the Executive VP & CIO, Ed Glotzbach highlighting progress, issues, and recommended courses of action.

As the result of these meetings, planning was initiated to employ Standard System Development Life Cycle methodologies, complete with requirements, design and code reviews to insure completeness as well as system and acceptance testing to insure the quality and performance of the systems. In addition, the need was identified to develop specific operation metrics and planning was started to ensure that these will be developed and implemented to monitor ongoing performance in maintaining the requirements of the system. These activities will be established upon written agreement for the Plan of Record.

A uniform change management process will be established and worked to facilitate corrections of failures, complaints and handle enhancements.

## 5. Documentation

**Documentation Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Description of Document</b>	<b>Date</b>
8	25	OSS Process Improvement Plan	10/6/99
8	29 Offer SORD or Equivalent Access	<a href="http://tcnet.ameritech.com">http://tcnet.ameritech.com</a> CLEC99-147, SWBT CLECC99-331, PB CLECN99-087, Nevada CLECCT99-028, Connecticut	10/15/99 10/18/99 10/18/99 10/18/99 10/18/99
8	30 Offer enhancements to existing EBI interface for OSS	<a href="http://tcnet.ameritech.com">http://tcnet.ameritech.com</a> CLEC99-145, SWBT CLECC99-330, PB CLECN99-086, Nevada CLECCT99-027, Connecticut	10/15/99 10/18/99 10/18/99 10/18/99 10/18/99
8	32 Uniform Change Management	<a href="http://tcnet.ameritech.com">http://tcnet.ameritech.com</a> CLEC99-160, SWBT CLECC99-350, California CLECN99-100, Nevada CLECCT99-036, Connecticut	11/1/99 11/1/99 11/1/99 11/1/99 11/1/99

### Section 4: Corrective Action

As a result of the controls described above, no corrective actions was required.

**Condition Number: 9****Condition Name: Restructuring OSS Charges****Section 1: Summary**

SBC/Ameritech is to eliminate all charges for access to the Remote Access Facility and Information Services Call Center and eliminate flat rate monthly charges for access to standard, non-electronic order processing facilities used for orders of 30 lines or less where SBC/Ameritech does not make an electronic interface available.

All applicable billing documentation supporting such charges was discontinued.

Compliance with this Condition was conveyed to all CLECs through the Southwestern Bell, Pacific Bell, Nevada Bell and SNET Accessible Letter process. The TCNet website conveyed notification to all CLECs in the Ameritech territory.

The elimination of these charges was conveyed on an ongoing basis through a CLEC support organization that is designed to assist CLECs with operational support systems ("OSS") related issues.

**Section 2: Officer Responsible**

Name	Title
Rick Bradley	President – Interconnection Services

**Section 3: Implementation of Condition****1. Compliance**

This Condition requires that all charges for access to the Remote Access Facility and Information Services Call Center and flat rate monthly charges for access to standard, non-electronic order processing facilities used for orders of 30 lines or less where SBC/Ameritech does not make an electronic interface available be discontinued and waived on a going forward basis.

All requirements for this Condition were met. All service order charges for access to the OSS where applied were waived effective with the November, 1999 billing cycle. All flat rate monthly OSS service order charge billing documentation was discontinued on a going forward basis, as of that date. An Accessible Letter (customer notice) was distributed to the CLECs in the SWBT territory on October 18, 1999. No such charges existed in PB, NB, SNET, or AIT prior to the Merger Close Date.

As of December 31, 1999, 142 agreement amendments were either prepared or filed for this commitment.

The overall project plan includes the following activities and target completion dates:

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
9	35	Waive flat rate monthly charges for access to the OSS.	First billing cycle following the Merger Close Date.	Completed first billing cycle following the Merger Close Date (dates vary)

## 2. Methods and Procedures

All related billing M&P was analyzed and billing documentation that was no longer applicable was discontinued.

**Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
9	35	Internal documentation to discontinue billing	First billing cycle following the Merger Close Date.	First Billing cycle following the Merger Close Date (dates vary)

## 3. Training

Billing documentation relating to the charges that were eliminated was discontinued. This change in procedure was conveyed to Account Managers, CLEC Support Managers, and billing personnel through internal conference calls and internal meetings in 1999. The purpose of these meetings was to educate all personnel involved in the billing process related to this Condition of the elimination of these charges.

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
9	35	Account Teams Billing Managers CLEC Support Managers	Waiver of associated charges.	Conference Calls Direct Contact Meetings	October 1999

## 4. Internal Controls

The Status Confirmation Report was a key tool used to insure compliance with all Merger Conditions. The Status Confirmation Report provides specific detail describing current status, identifies potential roadblocks, and lists documents that have been created as a part of the compliance implementation process. Team updates were provided to the Team Lead, Mr. Ed Glotzbach, weekly via updates to a departmental Compliance Binder. Mr. Ed Glotzbach reported in to the

Corporate Compliance Officer, Mr. Charles Foster, weekly on compliance activities with all Merger Conditions.

Interconnection Services teams documented and reported their compliance weekly through the use of Status Confirmation Reports discussed earlier. These status reports were monitored closely and used to highlight potential jeopardy situations that could have required upper level management intervention to ensure interdepartmental compliance.

The Account Management team worked directly with the Billing Team to address any concerns or complaints associated with the waiver of associated charges. Additionally, the CLEC Support organization was responsible for avoiding any communication gaps between CLECs and the Account Managers to ensure accurate and timely resolution of any billing disputes.

#### 5. Documentation

Internal billing documentation supports discontinuing the applicable flat rate monthly service order charge associated with this Condition. Customer bills also demonstrate proof of compliance with this Condition.

#### **Section 4: Corrective Action**

As a result of the controls in place, no corrective action was required in 1999.

**Condition Number: 10****Condition Name: OSS Assistance to Qualifying CLECs****Section 1: Summary**

Paragraph 36 contains specific provisions for SBC/Ameritech to adopt measures for assisting Qualifying Competitive Local Exchange Carriers ("CLECs") in using SBC/Ameritech's operational support systems ("OSS").

Paragraph 36a:

Correspondence requesting CLECs to self-certify as a small CLEC, as defined in Paragraph 36a of the Merger Conditions, was distributed to all CLECs operating in the SBC/Ameritech territory on October 18, 1999. As of December 31, 1999 SBC had received certification forms from 42 CLECs.

Paragraph 36b:

OSS expert teams were designated and made available, and thus, this met the requirements of this paragraph. These teams were designed to provide assistance with the OSS to qualified small CLECs who had an existing interconnection agreement with SBC/Ameritech. Compliance with this Condition was met by notifying qualified CLECs that teams of experts were available to support them on OSS. Notification was distributed to CLECs in the SBC/Ameritech territory via Accessible Letter (customer notice) for Southwestern Bell Telephone ("SWBT"), Pacific Bell ("PB"), Nevada Bell ("NB") and Southern New England Telephone ("SNET") and the TCNet website notification for Ameritech on October 18, 1999. In addition, Account Managers who had direct contact with the qualified CLECs were briefed on these OSS expert teams and are referring qualified CLEC representatives to these teams.

Paragraph 36c:

CLEC Training Needs Forums were conducted in all regions in 1999. CLECs were invited to these forums via Accessible Letter in all the SBC states except for the Ameritech states. In the Ameritech states, the CLECs were invited via the notification process available on TCNet. In all regions, CLECs were provided the opportunity to register for these forums electronically. Concurrent with their registrations the CLECs were asked to "self-certify" as a "Qualifying CLEC". In these forums, training and procedures that would be beneficial to Qualifying CLECs were identified and discussed. Minutes of the forums were recorded and later distributed to all CLECs via Accessible Letter or TCNet even if they did not participate in the forums and even if they were not self-certified as a "Qualifying CLEC".

Compliance will be maintained by developing and deploying new training and procedures that resulted from these forums. Available training and course descriptions will be posted on the SBC CLEC Online website and TCNet on an ongoing basis.

## Section 2: Person Responsible

Name	Title
Rick Bradley	President – Interconnection Services

## Section 3: Implementation of Condition

### 1. Compliance

This Condition requires:

- Self-identification of small CLECs to be “Qualifying CLECs” as defined by the Merger Conditions
- SBC/Ameritech must designate and make available a team of OSS experts dedicated and empowered to assist qualifying small CLECs with OSS issues.
- SBC/Ameritech must identify and discuss in one or more CLEC training forums training and procedures that would be beneficial to qualifying CLECs.
- SBC/Ameritech shall develop and make available additional training and training materials

All requirements of this Condition were met. Customer notice was distributed to all CLECs on October 18, 1999 requesting any CLEC who met the requirements of a small CLEC as defined by the Merger Conditions to notify their respective account managers of this eligibility. In addition, this same customer notice served as notification that teams of OSS experts had been designated and were being made available at no additional cost to all qualifying self-certified CLECs. As CLECs self-certified as a “small CLEC” representatives were again informed of the existence of the OSS expert teams and that assistance was available to them at no additional cost.

CLEC training forums were held on November 11, 1999 (AIT), November 16, 1999 (PB/NB), November 19, 1999 (SWBT) and December 1, 1999 (SNET) at which times training and procedures beneficial to CLECs were identified. These forums were a joint effort between SBC and the CLEC representatives. As a result, pilot training courses were established and an enhanced training curriculum was developed. Notification of this enhanced training was distributed to all CLECs via Accessible Letter and the TCNet website in January 2000.

### Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
10	36a	Identify CLECs who meet the requirements of a “Qualifying CLEC” as defined by the Merger Conditions	On-going	On-going



Condition	Paragraph	Milestone	Due Date	Date Completed
10	36b	Designate and make available teams of OSS experts dedicated and empowered to assist small CLECs with OSS issues.	11/8/99 (Team Formation)	Complete 10/18/99
10	36b	Provide notice of the availability of the Teams to all Qualified CLECs	12/7/99 (CLEC Notification)	Complete 10/18/99
10	36c	Identify and discuss in CLEC forums training and procedures beneficial to qualifying CLECs.	1/6/00	12/1/99

## 2. Methods and Procedures

### Paragraph 36a

Procedures were put into place to track and acknowledge receipt of self-certification from CLECs.

### Paragraph 36b

Roles and responsibilities along with contact information for experts were put into place.

### Paragraph 36c

All current Methods and Procedures ("M&P's") and/or Standard Operating Procedures ("SOPs") related to ordering and pre-ordering of Products and Services offered to CLECs were included in the new and existing CLEC Training. Any changes to M&P's and SOPs will be communicated via Accessible Letter or other means, and the CLEC Training Designers will include such updates in new and existing materials, as applicable.

## 3. Training

### Paragraph 36a

No additional training was necessary in order for a CLEC to request to self certify as a "small CLEC" as defined by the Merger Conditions. Documentation relating to self-certification was distributed to all CLECs through the Accessible Letter process and the TCNet website. Self-certification forms were also available through Account Managers.

### Paragraph 36b

Training for OSS experts consisted of a mentoring process. All new expert team members were required to undergo the same training curriculum that was available for the CLECs (See Paragraph 36c). In addition, a mentoring program was established whereby new members could gain experience and knowledge through on-the-job training as a partner of an existing OSS expert team member. This OSS expert organization currently consists of 23 management positions and has the potential to grow based upon demand.

#### Paragraph 36c

No training sessions were required by the Conditions in 1999 and none were conducted in 1999.

#### 4. Internal Controls

A Status Confirmation Report was used to insure compliance with all Merger Conditions. The Status Confirmation Report provided specific detail describing current status, identified potential roadblocks, and listed documents that had been created as a part of the compliance implementation process. Team updates were provided to the Team Lead weekly via updates to an Interconnection Services Departmental Compliance Binder. (2) Interconnection Services teams reported their compliance weekly through the use of Status Confirmation Reports. These status reports were monitored closely and used to highlight potential jeopardy situations that might have required upper level management intervention to ensure interdepartmental compliance. As of December 31, 1999, no target dates or initiatives were missed.

The Account Management team worked directly with the training and CLEC Support organizations to address any concerns or complaints associated with self-certification, OSS support and new training/procedures. In addition, the CLEC Support organization was available to work with CLECs on a proactive basis to avoid any complaints and/or communication gaps that might have occurred. Responses to CLEC complaints regarding CLEC training were communicated to the CLEC via their Account Manager. In addition, all complaints regarding Merger Conditions were coordinated through the Merger Compliance Group.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

#### 5. Documentation

The following documents were created for OSS Assistance to Small CLECs (Paragraph 36):

**Documentation Table**

Condition	Paragraph	Description of Document	Date Available
10	36a	Accessible Letters	10/18/99
10	36b	Accessible Letters, TCNet	10/18/99
10	36c	TCNet	10/20/00
10	36c	Accessible Letters	10/21/99

Condition	Paragraph	Description of Document	Date Available
10	36c	Sign In Sheets For Each Forum  Ameritech PB/NB Southwestern Bell SNET	  11/11/99 11/16/99 11/19/99 12/1/99
10	36c	Copies of Presentations For Each Forum  Ameritech PB/NB Southwestern Bell SNET	  11/11/99 11/16/99 11/19/99 12/1/99

#### **Section 4: Corrective Action**

As the result of the controls put into place through organizational structures and the clearly defined management roles and responsibilities, no corrective action was required in 1999.

**Condition Number: 11****Condition Name: Collocation Compliance****Section 1: Summary**

Condition 11 states that SBC/Ameritech shall provide collocation consistent with the Commission's rules including the First Report and Order in CC Docket 98-147, FCC No. 99-48 (rel. March 31, 1999) (Collocation and Advanced Services Order). Condition 11 also provides for a pre-Merger Close Date ("MCD") methods and procedures ("M&P") audit as well as a post-MCD audit regarding SBC/Ameritech's compliance with the Commission's collocation requirements. The condition further requires that SBC/Ameritech waive 100% of the total nonrecurring collocation costs for certain instances of missed due dates.

**Section 2: Person Responsible**

Name	Title
Ross Ireland	Sr. Vice President – Network Planning & Engineering

**Section 3: Implementation of Condition****1. Compliance**

In order to meet the Condition 11 milestones, SBC/Ameritech completed several steps. These steps included the creation of internal teams that met on an ongoing basis to review and monitor compliance with the Commission's collocation requirements as well as the merger activities and reports.

The SBC "Steering Committee" was formed to receive input from the underlying teams, to review the Commission's collocation requirements, assign responsibilities, monitor, and track compliance progress through to completion. Responsibilities of this committee and the teams for the Pre-Merger Audit also included the filing of tariffs and/or offerings of amendments and revising the Methods and Procedures.

Ameritech undertook a similar Pre-Merger effort. Ameritech Product Managers, with knowledge of how the Commission's collocation requirements had changed, met regularly with policy managers and attorneys to ensure that required changes were made in tariffs, amendments and Methods and Procedures, and that compliance was monitored. For the Post-Merger period, the Tier Two Group or "T2G," joined together SBC and Ameritech managers and attorneys. This group took on the same overall duties and responsibilities as the Steering Committee had at SBC for the Pre-Merger period. Each underlying team identified and resolved issues affecting compliance and tracked the progress of each issue to completion. If the team cannot satisfactorily resolve an issue, it is escalated, as appropriate, to the T2G for resolution.

Condition 11-related merger activities and reports are also reviewed and monitored by the T2G and at the Officer level. SBC/Ameritech revised the M&P and Standard Operating Practices (“SOPs”) as well as other documents, as appropriate, to reflect the resolution of issues. During 1999, SBC/Ameritech identified issues with regard to achieving and documenting consistent means of compliance across 13 states and began work on those issues. This is an on-going process. As SBC identifies practices that may not be adequate to ensure or to document consistent means of compliance, SBC will continue to adjust practices and procedures and/or revise and expand appropriate documents.

SBC/Ameritech’s goal has been and continues to be maintaining compliance through continued training, outreach programs to CLECs, documentation, and internal controls. In addition, SBC/Ameritech used the outreach program detailed below to ensure the CLECs were aware of any issues and processes that may affect them.

SBC/Ameritech provided assistance to CLECs in several forms including:

- CLEC Forums (External) - Provided to aid CLECs in requesting collocation from and exchanging information with SBC. The forums were intended to provide a venue to improve understanding and the exchange of information requirements for service offerings and requests.
- Accessible Letters (“AL”) - Provided the CLECs with instructions for making service requests and provided notices of SBC issues and/or process changes that affected the CLECs business or interface with SBC.
- Websites – Provided the CLECs accessible venues to view public information, which was available to registered CLECs, such as the Interconnector’s Collocation Services Handbook located on URL = <https://clec.sbc.com>, <http://tcnet.ameritech.com>). (See Section 5, CLEC Notification Table).

**CLEC Outreach Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
11	37	For Kansas CLECs Held in Topeka, KS.	Physical Collocation Technical Conference	Instructor Led by Director – Interconnection Implementation	7/8/99
11	37	For California CLECs Held in San Francisco, California	Physical Collocation Application Review – Operations Forum	Instructor Led by the Director – Industry Markets	7/22/99

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
11	37	For Connecticut CLECs Held in New Haven, Connecticut	Physical Collocation Application Review – Operations Forum	Instructor Led by the Project Manager – Technical Support	8/5/99
11	37	For CLECs in Arkansas, Kansas, Missouri, Oklahoma, and Texas Held in Dallas, TX.	Physical Collocation Application Review – Operations Forum	Instructor Led by the Account Manager - Collocation	9/23/99
11	37	For CLECs in Ameritech	No Forums Held. All information provided to CLECs via External Websites Account Managers were made available to address any CLEC questions.		

#### Paragraph 37

In 1999, SBC/Ameritech performed numerous actions to provide collocation consistent with the Commission's collocation rules, including the First Report and Order in FCC Docket No. 98-147. SBC/Ameritech developed Methods and Procedures, conducted training sessions, created service centers and Internet websites, and filed tariffs and/or offered amendments, as described below, consistent with the Commission's collocation rules. SBC/Ameritech established management oversight teams and task forces as additional internal controls to ensure process integrity and consistency. In addition, following the merger, SBC identified the "best practices" of each region and adjusted overall practices to support SBC-wide consistency.

#### Paragraph 38

Prior to Merger Close Date, SBC and Ameritech, in each of the SBC/Ameritech States, filed collocation tariffs and/or offered amendments containing standard terms and conditions for collocation for inclusion in interconnection agreements under 47 U.S.C. § 252. Tariffs were filed in California, Connecticut, Texas, Illinois, Michigan, and Wisconsin. Amendments containing standard terms and conditions were offered in the non-tariffed states of Arkansas, Kansas, Missouri,

Oklahoma, Nevada, Indiana, and Ohio. In addition to the tariff filings, amendments containing the standard term and conditions were also offered in Illinois, Michigan, and Wisconsin.

### **Interconnection Agreement Amendments**

<b>State</b>	<b>Document</b>	<b>Date Filed</b>	<b>Status</b>
Arkansas	Generic Agreement	See Note below	6/1/99
California	Schedule California Public Utilities Commission NO. 175T, Advice Letter #20412	7/9/99	Pending Approval
Connecticut	Connecticut Access Tariff, Docket #990805	8/2/99	Pending Approval
Illinois	Illinois Exchange Tariff, Part 23, Section 24 C.C. NO. 20f	10/5/99	Suspended
Indiana	Generic Agreement	See Note below	6/1/99
Kansas	Generic Agreement	See Note below	6/1/99
Michigan	Interconnection Service for Local Exchange Telecommunications Carriers, Tariff M.P.S.C. NO. 29R, Part 23, Section 4	9/29/99	Approved 9/30/99
Missouri	Generic Agreement	See Note below	6/1/99
Nevada	Generic Agreement	See Note below	6/1/99
Ohio	Generic Agreement	See Note below	6/1/99
Oklahoma	Generic Agreement	See Note below	6/1/99
Texas	Local Access Service Tariff, Section 5, Project NO. 16251	10/29/99	Approved 11/2/99
Wisconsin	Interconnection Service for Local Exchange Telecommunication Carriers, P.S.C. of W.20, Part 23, Section 4	10/5/99	Approved 10/15/99

Pending the approval of its advice letter, Pacific Bell is offering cageless collocation under the terms and conditions provided for in the Accessible Letter CLECC 99-200. Ameritech posted their generic terms and conditions for collocation on the Ameritech External Website as of May 28, 1999. The SBC and Ameritech Generic Agreements, offering the collocation arrangements required by the Commission in its First Report and Order in CC Docket No. 98-147, released March 31, 1999. "FCC Order 99-48", were made available on the effective date of the Order, June 1, 1999. Subsequent to the Merger, based on the adoption of the "best practices," the generic agreements were incorporated into one SBC Agreement.

#### Paragraph 39

Prior to the Merger Closing Date, SBC and Ameritech retained independent auditors who were acceptable to the Chief of the Common Carrier Bureau to perform examination engagements and issue attestation reports. SBC and Ameritech independent auditor attestation reports were filed with the Commission. The independent auditors confirmed that the SBC and Ameritech revised methods and procedures and filed tariffs and/or offered amendments

were in-place prior to the merger and were consistent with collocation requirements in all material respects as outlined in the FCC Order 99-48.

### Attestation Reports

Attestation Reports/Filing Date	Auditor
Report dated August 31, 1999 and was filed on October 14, 1999	Ernst & Young LLP
Report dated October 5, 1999, filed on October 14, 1999	Arthur Andersen LLP

#### Paragraph 40

Ernst & Young LLP ("EY") was selected and approved as the independent auditor to conduct the compliance audit for the first 240 days after the Merger Closing Date. The auditor has unrestricted access to all books, records and operations for the purposes of the audit. In a letter dated August 24, 1999, the Commission approved EY to administer the Post-Merger Audit. See Compliance Table provided below for details on meeting specific requirements.

#### Paragraph 41

Collocation projects are monitored in periodic implementation team meetings. If a due date is missed, the implementation team chairperson will determine if this application qualifies for a credit (i.e., if the due date was missed by more than 60 calendar days). This team tracks each project through to completion. See Compliance Table provided below for details on meeting specific requirements.

### Compliance Table

Condition	Paragraph	Milestone	Due Date (Internal or Required)	Date Completed
11	37	Develop M&Ps	08/11/99	08/11/99
11	38	Develop Generic Terms and Conditions	08/11/99	08/11/99
11	38	Develop Generic Terms and Conditions in Ameritech	5/28/99	5/28/99
11	39	Auditor Attestation Report to FCC	10/25/99	EY 10/14/99 and AA 10/14/99
11	40	Retain Collocation Auditor within 15 days of FCC's written acceptance	09/14/99	08/24/99
11	40	Begin 8 Month Collocation Audit	Began on 10/08/99	6/8/00
11	40a	Begin consultation with FCC Staff on Collocation Audit Work Program	12/07/99	11/15/99
11	41	Credit or Refund for Missed Collocation Due Dates in PB, NB, SWB, and SNET	Began 10/08/99	Monitoring (ongoing)
11	41	Developed M&Ps on Credit or Refund for Missed Collocation Due Dates in Ameritech	Began 10/08/99	Monitoring (ongoing)



Condition	Paragraph	Milestone	Due Date (Internal or Required)	Date Completed
11	38	File collocation tariff and/or standard terms and conditions agreements amendments	Prior to Merger Close	Prior to Merger Close

## 2. Methods and Procedures

SBC and Ameritech revised all external handbooks and all internal Methods and Procedures to be consistent with the requirements of the Commission's Collocation Orders.

The Interconnector's Collocation Services Handbooks for Physical Collocation in Texas and in the MOKA states ("Missouri, Oklahoma, Kansas and Arkansas") were revised to be consistent with the requirements of the Commission's Collocation Orders. The handbooks were issued in August 1999 and made available to the Collocators on the SBC CLEC web-site. Revisions included items such as providing application forms and procedures for requesting Cageless Collocation in single bay increments, Shared Collocation, Cageless Collocation, Adjacent Space Collocation, the prorating of site conditioning costs in a SWBT eligible structure, and the elimination of the requirement for an intermediate interconnection arrangement.

The Pacific Bell/Nevada Bell Internal Collocation Services Handbook and the Interconnector's Collocation Services Handbook were revised to be consistent with the Commission's Collocation Orders. The revisions include requirements as addressed above concerning SWBT. The revised Pacific Bell/Nevada Bell Internal Collocation Services Handbook and Interconnector's Collocation Services Handbook were made available on the Internal and External (CLEC) Websites in August of 1999.

In addition, in 1999 SBC developed an over-riding Network Operations Plan ("NOP") that encompassed the individual collocation M&Ps for each discipline or group involved in implementing collocation. The NOP, as well as, the individual M&Ps and Standard Operating Procedures are "living" documents that are updated as new issues are identified that affect collocation. The collocation NOP has been expanded and revised to encompass new processes as appropriate. The NOP encompasses the M&Ps, floor space guidelines, and Collocation Provisioning Guidelines. As these documents were updated in 1999, the NOP was also updated to reflect the changes. The NOP documentation was available to any CLEC. The changes included revisions to Planning, Engineering, Physical Plant, Security, OPS Methods, and Order/Applications processes (Caged, Cageless and Virtual). The pre-merger attestation reports from Ernst & Young LLP and Arthur Andersen LLP confirm that the SBC and Ameritech revised methods and procedures in-place prior to the merger were consistent with the Commission's collocation requirements in all material respects.

### Methods and Procedures Table

Condition	Paragraph	Milestone	Due Date (Internal)	Date Completed
11	37	Network Operating Plan ("NOP")	7/99	7/99 (The NOP is a culmination of all M&Ps developed for compliance of the FCC Order 99-48)
11	37	Wire Center Planning Methods and Procedures	6/99	6/99 (Revised – 9/99)
11	37	Southern New England Telephone Company Interconnector's Collocation Services Handbook	6/99	6/99 (1 <sup>st</sup> Revision – 8/99)
11	37	Pacific Bell/Nevada Bell Internal Collocation Services Handbook	6/99	6/99 (1 <sup>st</sup> Revision – 8/99)
11	37	Pacific Bell/Nevada Bell Interconnector's Collocation Service Handbook	6/99	6/99 (1 <sup>st</sup> Revision – 8/99)
11	37	Southwestern Bell Telephone Interconnector's Collocation Service Handbook (Missouri, Oklahoma, Kansas, and Arkansas)	6/99	6/99 (1 <sup>st</sup> Revision – 8/99)
11	37	Southwestern Bell Telephone Interconnector's Collocation Service Handbook (Texas)	6/99	6/99 (1 <sup>st</sup> Revision – 8/99)
11	37	Collocation Provisioning Guidelines (Network Planning & engineering Real Estate Standards)	6/99	6/99 ( 5 <sup>th</sup> Revision – 10/99)
11	37	Ameritech Physical Collocation Guidelines	7/99	7/99 ( 6 <sup>th</sup> Revision 10/99)
11	37	Ameritech Virtual Collocation Guidelines	11/99	11/99
11	37	Collocation, Security and You Video	8/99	8/99
11	37	Access to Ameritech Central Offices	6/99	6/99

### 3. Training

SBC/Ameritech instituted the necessary human, financial, and technical resources to meet the collocation requirements. SBC/Ameritech conducted training for all relevant SBC/Ameritech personnel. As the result of the experience gained in 1999, at least once per quarter, the same training will be provided to any new personnel that are hired or transferred into a work force related to Condition 11 compliance. In addition, to ensure ongoing compliance with the

requirements of this Condition, supplemental or refresher training will be provided to existing personnel, as the need is identified.

Teams were formed to address the Commission's collocation requirements in training packages that were disseminated to the field organizations. In this manner, employees involved with collocation related matters were trained to comply with the Commission's Collocation Orders. The training encompassed Central Office personnel, administrative organizations, and field forces that could come into contact with CLEC employees. Initial training was completed by November, 1999, for SBC/Ameritech employees directly impacted by the Commission's Collocation Orders. Plans were put into place in 1999 such that at least once per quarter, this same training will be provided to any new personnel that are hired or transferred into a work force affected by Condition 11 compliance. In addition, to ensure ongoing compliance with the requirements for Condition 11, supplemental or refresher training will be provided for existing personnel as identified.

Training programs included web-based (self-paced) training courses, formal classroom training, train-the-trainer sessions, and Ad-Hoc tailgate sessions. Training programs were supported by the use of notices, reminders and internal-external websites established for targeted organizations. Stand-alone training was also used to address the collocation requirements for specific groups affected by the collocation process.

Training was conducted with appropriate work forces for M&Ps and Tariffs and/or Amendments containing Standard Terms and Conditions. Listed below are the training sessions that were conducted in 1999.

**Training Table**

Condition	Para-graph	Target Audience	Training Message	Delivery Method	Date Completed
11	37	Space Planners, some Local Field Organization; Representatives from the Detail Engineering Center; Representatives from Corporate Real Estate; Dallas, TX. San Ramon, CA.	Methods and Procedures related to actual survey of a central office for collocation space	Instructor Led Area by the Manager – Network Engineering (5/14/99) and Area Manager – Network (5/19/99)	5/14/99 5/19/99
11	38	Local Field Organization Management, Directors and Staff  Irving, TX.	Overview of FCC Order 99-48 Collocation Procedures for Local Field Organization	Instructor-Led by the Area Manager - Network Maintenance	5/27/99
11	37	Collocation Managers	Cageless Collocation Process	Instructor Led by the Associate Director, ITN Compliance Analysis and the Account Manager – Collocation	5/28/99

Condition	Para-graph	Target Audience	Training Message	Delivery Method	Date Completed
11	37	Space Planners, Representatives from Corporate Real Estate Managers; some Local Field Organization; Representatives from the Detail Engineering Center; NOC.  Houston, TX. Austin, TX. Dallas, TX. Kansas City, MO. St. Louis, MO. Little Rock, AR. Oklahoma City, OK.	Central Office Security (MMP 99-05-001, Issue 1, 5/99); Collocation Installation (FCC 99-48 MMP training) in Train the Trainer sessions; Loaning of Equipment and Supplies; Methods and Procedures related to actual survey of a central office for collocation space.	Instructor Led by the Area Manager - NOC	6/1/99 6/3/99 6/4/99 6/9/99 6/15/99 6/17/99 6/21/99
11	37	Local Field Organization Mgrs.  San Ramon, CA. Tustin, CA. Sherman Oaks, CA. Sacramento, CA. Sherman Oaks, CA. Reno, NV.	Cageless Collocation Training – Train the Trainer	Instructor Led by the General Manager - Network Operations	6/10/99 6/11/99 6/15/99 6/21/99 6/22/99 6/29/99
11	37 38	Collocation Services Account Team  Dallas, TX.	FCC 99-48 Order Review	Instructor Led by the Area Manager – Unbundled Network Elements - Collocation	6/11/99
11	37	Network Operations Managers  Richardson, TX.	Collocation Training	Instructor Led by the Manager - Supplier Conformance	6/16/99 6/17/99 6/18/99 6/22/99 6/23/99 6/30/99
11	37	Collocation Services Account Team  San Francisco, CA.	SBC 8 State Application Review	Instructor Led by the Area Manager – Unbundled Network Elements Collocation	7/7/99
11	37	Collocation Managers	SBC 8 State Application Review	Instructor Led by the Associate Director - ITN Compliance Analysis and the Account Manager – Collocation	7/8/99
11	37 38	New and Existing Account Managers  Dallas, TX.	Collocation (FCC 99-48 Key Issues)	Instructor Led by the Area Manager – Unbundled Network Elements Collocation	7/27/99

Condition	Para-graph	Target Audience	Training Message	Delivery Method	Date Completed
11	37	Common System Space Planners; IOF, LOOP, Switch, Transport, Data, CRE, and Power Planners;  Sacramento, CA. Dallas, TX. Dallas, TX. Pasadena, CA. Pasadena, CA. San Ramon, CA. San Antonio, TX. Houston, TX. St. Louis, MO. New Haven, CT. San Antonio, TX. Kansas City, MO. Oklahoma City, OK. Pasadena, CA. Sacramento, CA.	Wire Center Planning Methods and Procedures Roll Out consists of the following key elements: a) Roles and responsibilities of the Space Planner b) How to keep the T-Base drawings updated c) How to do the actual survey of a CO for space utilization d) How to do use the "Wire Center Forecast Form" e) How to use the "Request for Space Assignment Form" f) How to use "Space Availability Form" g) How to do "Space Provisioning" h) How to identify "Active" and "Other" space in a CO i) What Space Reservation Period is used for different equipment technologies when reserving space for ILEC equipment growth j) How to identify "available space" or a "building exhaust" situation k) When to recommend a building addition.	Instructor Led by the Area Manager - Network Engineering Centralized Support	10/6/99 10/18/99 10/19/99 10/20/99 10/21/99 10/22/99 10/25/99 10/26/99 10/27/99 10/29/99 11/1/99 11/2/99 11/3/99 11/11/99 11/12/99
11	38	General Manager & Transmission Managers Chicago, IL	Overview on FCC Order 99-48, Rules and Compliance with DTE Practice Leaders	Led by Collocation Implementation Manager & NSS General Manager	6/14/99
11	38	Power Engineering Team Hoffman Estates, IL	Power Engineering team Overview of FCC Order 99-48, Rules and Compliance	Led by Collocation Implementation Manager	6/15/99
11	38	Engineering Vice President & General Managers Chicago, IL	Overview of FCC Order 99-48, Rules and Compliance for Engineering Senior Managers	Led by Collocation Implementation Manager & NSS General Manager	6/21/99
11	38	Wisconsin/West Michigan Engineering General Manager, Space Planners, Engineers- Conference Call  Outstate Illinois Engineering General Manager, Space Planners, Engineers- Conference Call  Illinois Engineering Switch Manager, Space Planners, Transmission Engineers-meeting	Overview of FCC Order 99-48, Rules and Compliance for Wisconsin/West Michigan, Outstate Illinois Engineering          Overview of FCC Order 99-48, Rules & Compliance for Illinois Engineering	Led by Collocation Implementation Manager	7/1/99          7/14/99

Condition	Para-graph	Target Audience	Training Message	Delivery Method	Date Completed
11	38	Ameritech approved Transport Cluster Vendor management-Conference Call	Overview of FCC Order 99-48, Rules and Compliance for Ameritech Transport Cluster Vendors	Led by Collocation Implementation Manager	7/7/99
11	38	Engineering: Space Planners, Engineers, Power, Construction, Design, Collocation Project Managers, Planners-Conference Calls	Collocation Training Overview Physical Guidelines Overview of FCC Order 99-48 – impacts)	Led by Collocation Implementation Manager, Methods & Procedures Staff, Operations Staff, Real Estate Program Manager, Security	7/13/99 7/14/99 7/15/99 7/20/99 7/21/99
11	38	Ameritech Account Managers (All States) – Chicago, IL	Collocation Requirements	Led by Senior Product Manager - Collocation	8/26/99
11	38	Operations Managers across 5 states-Conference Calls	Operations Collocation Overview on FCC Order 99-48 Rules & Compliance	Led by Collocation Implementation Manager; Operations Staff	8/30/99 9/9/99
11	38	Security posters sent to all Central Offices in the Ameritech region	Security Policies & Procedures - Poster	Poster created, developed & mailed by Unbundling Director-Operations	11/99
11	38	Collocation Project Managers-Chicago IL	Training Session for new Collocation Project Managers on FCC Order 99-48, rules and compliance	Led by Collocation Implementation Manager	11/15/99

Condition	Para-graph	Target Audience	Training Message	Delivery Method	Date Completed
11	38	<p>Engineering Space Planners, Transmission Engineers, Planners, Design, and Managers - sessions</p> <p>Hoffman Estates, IL</p> <p>Springfield, IL</p> <p>Peoria, IL</p> <p>Chicago, IL</p> <p>Waukesha, WI</p> <p>Appleton, WI</p> <p>Dayton, OH</p> <p>Columbus, OH</p> <p>Cleveland, OH</p> <p>Indianapolis, IN</p> <p>Detroit, MI</p> <p>Grand Rapids, MI</p> <p>Account Managers, Service Managers, Implementation Managers-sessions in Chicago, IL</p> <p>Collocation Services Account Reps &amp; Managers in Milwaukee, WI</p> <p>Operations Managers across region-conference calls</p> <p>Network Managers &amp; craft whose jobs involve interaction with COs, Account Managers, Implementation Managers, Collocation Project Managers, CLECs &amp; CLEC Vendors</p>	<p>Collocation Compliance Presentation Post-Merger Audit Updates</p> <p>Collocation Security &amp; YOU Video tape: describes the security policies &amp; procedures within AIT Central Offices for employees, customers &amp; vendors</p>	<p>Led by Collocation Implementation Manager, Unbundling Manager, Space Planning Staff Manager</p> <p>Led by Unbundling Manager &amp; Collocation Product Manager</p> <p>Led by Unbundling Manager &amp; Collocation Prod Manager</p> <p>Led by Unbundling Manager &amp; Operations Staff Manager</p> <p>Self-led video</p>	<p>11/29/99</p> <p>12/6/99</p> <p>12/7/99</p> <p>11/16/99</p> <p>12/15/99</p> <p>12/16/99</p> <p>11/30/99</p> <p>12/6/99</p> <p>12/17/99</p> <p>12/13/99</p> <p>12/15/99</p> <p>12/16/99</p> <p>12/17/99</p> <p>12/10/99</p> <p>11/19/99</p> <p>12/13/99</p> <p>12/13/99, 12/14/99</p> <p>11/15/99</p> <p>Dec-99, dates unknown</p> <p>8/99 and ongoing</p>

#### 4. Internal Controls

Pre-Merger: A Steering Committee was established, and comprised of representatives from SBC/PB/NB/SNET, to identify and track compliance with the Commission's collocation requirements. A similar effort was conducted in Ameritech. The committees were assigned the responsibility for monitoring, reporting and documenting compliance with the Collocation Orders and consistency across regions. The independent auditors' attestation reports were completed and filed with the Commission on October 14, 1999.

Post-Merger: The T2G was formed to provide internal assurance of compliance and to support consistency across the merged companies. This group is comprised of decision-makers from all collocation related disciplines. The T2G met on a weekly basis to discuss issues related to ongoing compliance with the Commission's Collocation Orders and the SBC/Ameritech Merger Conditions.

The controls were sufficient to find some inconsistencies or shortfalls in documentation, and corrective action was taken.

## 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Available
11	37, 38, 39	Network Operations Procedures, Internal/External Interconnector's Handbooks, Methods and Procedures, Floor Space Guidelines, MMP 99-05-001 and Collocation Provisioning Guidelines	Upon Request To Persons and Commissions, and on the terms, described above.
11	37, 38, 39	Tariffs and/or Amendments	"
11	39	Attestation/Assertion Reports	"
11	38, 39, 40	Letter filed with the FCC Secretary by Charles Foster	10/6/99
11	39	Letter filed with the FCC Secretary by Charles Foster	10/14/99
11	40	Letter to Anthony Dale, CCB, from Martin Grambow	11/23/99

**CLEC Notification Table**

Letter Number	Notification	Date
	<b>Missouri, Oklahoma, Kansas, Arkansas, and Texas</b>	
CLEC99-080	Collocation Space Availability Report – Missouri, Oklahoma, Kansas, Arkansas, And Texas	6/18/99
CLEC99-088	Revised Physical Collocation Application Form – Missouri, Oklahoma, Kansas, Arkansas, and Texas	7/12/99
CLEC99-118	Notification of Firm Order Confirmation ("FOC") & Service Order Completion ("SOC") Availability Via SWBT CLEC WEB Page - Missouri, Oklahoma, Kansas, Arkansas, and Texas	8/99
CLEC99-117	Notification of Address Correction for Submitting Collocation Applications - Missouri, Oklahoma, Kansas, Arkansas, and Texas	8/99
CLEC99-153	Revised Physical Collocation application Form and Instructions - Missouri, Oklahoma, Kansas, Arkansas, and Texas	10/99
CLEC99-151	Notification of CLEC Training Forum - Missouri, Oklahoma, Kansas, Arkansas, and Texas	10/99
CLEC99-148	Qualifying CLEC Certification Request - Missouri, Oklahoma, Kansas, Arkansas, and Texas	10/99
CLEC99-142	SBC/Ameritech Merger Completed - Missouri, Oklahoma, Kansas, Arkansas, and Texas	10/99



<b>Letter Number</b>	<b>Notification</b>	<b>Date</b>
CLEC99-141	Announcement of Change Management Process Website - Missouri, Oklahoma, Kansas, Arkansas, and Texas	10/99
CLEC99-138	Notification of Change in Usage of CIPP Panels - Missouri, Oklahoma, Kansas, Arkansas, and Texas	10/99
CLEC99-134	Final Minutes for September 14, 1999 Change Management Process Meeting - Missouri, Oklahoma, Kansas, Arkansas, and Texas	10/99
CLECA99-071	Notification of Requirement of Fire Retardant Cable for Physical and Virtual Collocation - Arkansas	11/99
CLEC99-178	Final Minutes for November 9, 1999 Change Management Process Meeting - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-176	Confirmation and Preliminary Agenda for December Change Management Process Meeting - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-172	Notification of Semi-Annual Forecast - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-171	Invitation to CLEC Users Group Forum - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-170	Final Minutes for October 12, 1999 Change Management Process Meeting - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-167	Agenda for Discussion of SBC/Ameritech 13-State Change Management Process - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-163	Notification of Correct Usage of Emergency Exit Doors in Central Offices - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-161	Re-Send of Invitation to Discussion of SBC/Ameritech 13-State Change Management Process - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-160	Invitation to Discussion of SBC/Ameritech 13-State Change Management Process - Missouri, Oklahoma, Kansas, Arkansas, and Texas	11/99
CLEC99-193	Confirmation and Preliminary Agenda for January Change Management Process Meeting - Missouri, Oklahoma, Kansas, Arkansas, and Texas	12/99
CLEC99-189	Permitted Use of Telecommunication Services by CLECs - Missouri, Oklahoma, Kansas, Arkansas, and Texas	12/99
CLEC99-187	Follow-up Status Call From CLEC User Forum - Missouri, Oklahoma, Kansas, Arkansas, and Texas	12/99
CLEC99-182	Notification of Process of Submitting Checks for Collocation - Missouri, Oklahoma, Kansas, Arkansas, and Texas	12/99
CLEC99-179	Confirmation and Final Agenda for December Change Process Management Meeting - Missouri, Oklahoma, Kansas, Arkansas, and Texas	12/99
	<b>California</b>	
CLECC99-200	Notification Making Cageless Collocation Available in California	5/28/99
CLECC99-225	Collocation Space Availability Report - California	6/18/99
CLECC99-247	Notification of Pacific Bell's Collocation Operations Forum in California	7/12/99

<b>Letter Number</b>	<b>Notification</b>	<b>Date</b>
CLECC99-249	Revised Physical Collocation Application Form - California	7/12/99
CLECC99-287	Notification of CLEC Collocation Website Updates and Changes - California	8/99
CLECC99-263	Announcement and Confirmation for August 9, 1999 Change Management Process Sidebar Meeting - California	8/99
CLECC99-313	CLEC Online Redesign and Change in WEB Functionality - California	9/99
CLECC99-296	Notification of New Address to Submit Collocation Requests - California	9/99
CLECC99-345	Collocation Notification of Floor Tile Drilling Training - California	10/99
CLECC99-340	Revised Physical Collocation Application Form and Instructions - California	10/99
CLECC99-338	Notification of CLEC Training Forum - California	10/99
CLECC99-337	Final Agenda and Working Documents for the 4Q99 Quarterly Change Management Process Meeting - California	10/99
CLECC99-332	Qualifying CLEC Certification Request - California	10/99
CLECC99-328	SBC/Ameritech Merger Completed - California	10/99
CLECC99-326	Announcement of Change Management Process Website - California	10/99
CLECC99-322	Notification of Change in Usage of CIPP Panels - California	10/99
CLECC99-386	OSS Accessible Letters Move To a New Location on CLEC Website - California	12/99
CLECC99-381	Permitted Use of Telecommunications Services by CLECs - California	12/99
CLECC99-371	Notification of Process Submitting Checks for Collocation - California	12/99
CLECC99-370	Final Minutes from October 27, 1999 Change Management Process Meeting - California	12/99
	<b>Connecticut</b>	
CLECCT99-002	Collocation Space Availability Report - Connecticut	6/18/99
CLECCT99-009	Revised Physical Collocation Application Form - Connecticut	7/12/99
CLECCT99-014	Confirmation of Change Management Process Meeting, August 25, 1999 and Working Documents - Connecticut	8/99
CLECCT99-013	Announcement of Change Process Committee Meeting, August 24, 1999 - Connecticut	8/99
CLECCT99-012	Announcement of Change Process Committee Meeting, August 24, 1999 - Connecticut	8/99
CLECCT99-011	Announcement of Change Process Committee Meeting, August 24, 1999 - Connecticut	8/99
CLECCT99-019	SNET CLEC website Address Change - Connecticut	9/99
CLECCT99-033	Revised Physical Collocation Application Form and Instructions - Connecticut	10/99
CLECCT99-032	Notification of CLEC Training Forum - Connecticut	10/99
CLECCT99-030	Qualifying CLEC Certification Request - Connecticut	10/99
CLECCT99-026	SBC/Ameritech Merger Completed - Connecticut	10/99
CLECCT99-025	Confirmation and Final Agenda for December Change Process Management Meeting, October 20, 1999, Prior Notification(s) - Connecticut	10/99

<b>Letter Number</b>	<b>Notification</b>	<b>Date</b>
CLECCT99-022	Notification of Change in Usage of CIPP Panels - Connecticut	10/99
CLECCT99-021	Confirmation and Preliminary Agenda for Change Management Process Meeting, October 20, 1999 - Connecticut	10/99
CLECCT99-047	Cancellation of November 30, 1999 Change Management Process Meeting	11/99
CLECCT99-041	Final Minutes for the October 20, 1999 Change Management Process Meeting - Connecticut	11/99
CLECCT99-040	Notification of Procedures for Requesting ID/Chip Access Cards - Connecticut	11/99
CLECCT99-037	Re-Send of Invitation to discussion of SBC/Ameritech 13-State Change Management Process, Prior Notification - Connecticut	11/99
CLECCT99-036	Invitation to Discussion of SBC/Ameritech 13-State Change Management Process - Connecticut	11/99
CLECCT99-050	Notification of Process for Submitting Checks for Collocation - Connecticut	12/99
	<b>Nevada</b>	
CLECN99-047	Collocation Space Availability Report - Nevada	6/18/99
CLECN99-053	Revised Physical Collocation Application Form - Nevada	7/12/99
CLECN99-077	CLEC Online Redesign and Change in WEB Functionality - Nevada	9/99
CLECN99-074	Notification of New Address to submit Collocation Requests - Nevada	9/99
CLECN99-095	Revised Physical Collocation Application Form and Instructions - Nevada	10/99
CLECN99-094	Notification of CLEC Training Forum - Nevada	10/99
CLECN99-093	Final Agenda and Working Documents for the 4Q99 Quarterly Change Management Process Meeting - Nevada	10/99
CLECN99-090	Reduction of Service-Order Charges to Meet SBC/Ameritech Merger Condition - Nevada	10/99
CLECN99-089	Qualifying CLEC Certification Request - Nevada	10/99
CLECN99-084	SBC/Ameritech FCC Merger Completed - Nevada	10/99
CLECN99-083	Announcement of change Management Process website - Nevada	10/99
CLECN99-081	Notification of Change in Usage of CIPP Panels - Nevada	10/99
CLECN99-079	Final Minutes from July 28, 1999, Change Management Process Meeting - Nevada	10/99
CLECN99-104	Notification of Procedures for Requesting ID/Swipe Access Cards - Nevada	11/99
CLECN99-103	Notification of Correct Usage of Emergency Doors in Central Offices - Nevada	11/99
CLECN99-101	Re-Send of Invitation to discussion of SBC/Ameritech 13-State Change Management Process, Prior Notification - Nevada	11/99
CLECN99-100	Final Minutes from July 28, 1999, Change Management Process Meeting - Nevada	11/99
CLECN99-117	Final Minutes from July 28, 1999, Change Management Process Meeting - Nevada	12/99
CLECN99-116	Final Minutes from July 28, 1999, Change Management Process Meeting - Nevada	12/99

<b>Letter Number</b>	<b>Notification</b>	<b>Date</b>
CLECN99-114	Final Minutes from November 17, 1999, Change Management Process Meeting - Nevada	12/99
CLECN99-111	Notification of Process for Submitting Checks for Collocation - Nevada	12/99
CLECN99-110	Final Minutes from October 27, 1999, Change Management Process Meeting - Nevada	12/99
	<b>Ameritech: Illinois, Indiana, Michigan, Ohio, and Wisconsin</b>	
CLEC External Website: <a href="https://aiis-tcnet.ameritech.com">https://aiis-tcnet.ameritech.com</a>	Collocation - Table Of Contents: Added Proposed Generic Amendment Document	5/28/99
"	Collocation 3.0 Ordering Procedures: Changed Facilitator Contact and Fax Numbers	5/22/99
"	Collocation OH Stipulation - UNE and Collocation Information: New News Story	6/30/99
"	Collocation 3.0 Ordering Requirements/3.2 Order Form: Established New Link To Form	6/16/99
"	Collocation CO Space Constrained Offices - Entire Document: Regulatory Requirement To Update Within 10 Days Of Change In Status	6/9/99
"	Physical Collocation CO Space Exhausted Offices - New Document: Regulatory Requirement To Post On Website	6/9/99
"	Proposed Interconnection Agreement Collocation Amendment (706) - Entire Document: Regulatory Mandate (OMB) To Include Additional Collocation Offerings (706)	6/9/99
"	Collocation/Ameritech Physical Collocation Space Exhaustion Report: Updated Office Information	7/28/99
"	Physical Collocation Space Exhaustion Report - Wisconsin: Additional Ameritech Central Office Without Space For Collocation	8/31/99
"	Collocation Proposed Generic - Non Standard Collocation Request Form: "Check" Boxes Inadvertently Left Off Of Last Revision	9/13/99
"	Collocation - Proposed Genetic Amendment - Attachment B (Discussion Draft 8/31/99)/Shared Cage and Cageless/Recurring and Non-recurring Rate Elements: Incorrect Rates Inadvertently Posted Previously	10/1/99
"	Collocation Application Form: Replaced Entire Form and Instructions	10/18/99
"	Collocation 5.0 Installation and Maintenance/5.0.2 Maintenance/Collocation Application Order Form: Removed Form and Instructions From Product Information and Moved To Forms Section	10/20/99
"	Ameritech Physical Collocation Space Exhaust Report - Entire Document: FCC Requirement To Update As Necessary	12/22/99
"	Collocation Agreement - Entire Document: New Document Provided Due To Merger Requirement	12/10/99
"	Collocation Appendix - Entire Document: New Document Provided Due To Merger Requirement	12/10/99

## Section 4: Corrective Action

During 1999, SBC/Ameritech had in place controls to identify variances between internal and external collocation requirements and day-to-day conduct in the field. Controls for both pre-merger and post-merger periods are described above. SBC/Ameritech's concern was not only to ensure consistency with (and adequate documentation of consistency with) what was prescribed in M&Ps, tariffs and/or amendments, but also to achieve as much consistency as reasonably possible among the SBC/Ameritech regions based on "best practices." Consistency was sought to improve efficiency via streamlined processes and reduced confusion.

SBC/Ameritech took significant action in 1999 to respond to customer requests, improve procedures, improve documentation, and establish additional controls. Examples of improvements made and corrective actions taken include:

- creating a single physical collocation application and a single virtual collocation application for SBC's 8 states before the merger, and creating and using 13-state applications after the merger;
- consolidating processes so that CLECs in the SWBT/Pacific Bell/Nevada Bell/SNET 8-states may submit applications for any of the states in these regions to a centralized support group that processes the applications and disseminates the information to network organizations and account teams throughout these regions and taking initial steps to incorporate the Ameritech region into this uniform application process during 2000;
- developing an improved process flow for CLEC space notification that includes the use of standardized letters for the denial of space that are sent to the CLEC, with a copy sent to the relevant state regulator. The standardized letters include collocation alternatives, if any, available at the premises in question;
- standardizing waiting lists procedures for CLECs who have received denials;
- standardizing processes to facilitate CLEC tours of the premises in question, with adjustments in these processes being made to accommodate state-specific requirements;
- establishing a 13-state policy permitting construction of collocation space for CLECs prior to finalization of agreements with those CLECs; and
- reviewing processes for establishing M&Ps and reorganizing the managers handling these processes on functional (rather than geographic) lines, thereby reducing confusion and increasing consistency.

In addition as noted in the Introduction (Section 5.3), the Corporate Compliance Officer or his delegates received an inquiry concerning this Condition in 1999. A CLEC complained that SNET had delayed the CLEC's entry by not accepting early applications, that SNET had not refunded fees for canceled applications and that particular collocation sites were flawed. Several conference calls were held with SNET, the CLEC and other SBC personnel to investigate and arrive at a course of action to be taken. After discussions, the flawed collocation sites were addressed and the CLEC retracted the complaint.

**Condition Number: 12****Condition Name: Most-Favored Nation Provisions for Out-of-Region and In-Region Arrangements****Section 1: Summary**

All commitments for Paragraphs 42 and 43 were met in 1999. A specialized organization consisting of 10 Area Managers and one Director was developed to ensure the Most Favored Nation ("MFN") provisions were implemented appropriately. Internal training sessions were held with Account Managers, Negotiators, and Product Managers to educate them on Condition 12. On going training sessions were developed in order to ensure continued education. Although not required by the merger commitments, the SBC and Ameritech CLEC websites were updated to inform CLECs about this Condition.

**Section 2: Person Responsible**

Name	Title
John Stankey	President - Industry Markets

**Section 3: Implementation of Condition****1. Compliance**

As of December 31, 1999, there were over 30 requests to MFN into in-region agreements.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
12	42	SBC website posting of Merger Conditions	10/25/99	10/15/99
12	42	TCNet website posting of Merger Conditions	10/25/99	10/18/99
12	42	Established the process to handle Out-Of-Region MFN Requests. (To date, no Out-Of-Region MFN Requests have been received.)	10/25/99	10/8/99
12	42	Identified and created process to handle special requests pursuant to Paragraph 42 for interconnection or UNE arrangements that have not previously been offered in an SBC LEC territory.	10/25/99	10/8/99
12	42	Established a website location to incorporate approved Out-Of-Region Interconnection Agreements. Website address is <a href="http://www.sbctelecom.com">www.sbctelecom.com</a> .	12/99	12/99
12	43	Established the process for handling In-Region MFN Requests. Informal process was completed on October 1, 1999.	10/25/99	10/1/99

## 2. Methods and Procedures

**Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
12	42	Created Out-of-Region Process	10/8/99	10/8/99
12	43	Created informal MFN In-Region process.	10/8/99	10/8/99

## 3. Training

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
12	42, 43	Product Managers, Account Managers, Negotiators, Negotiation Support Staff and Legal (covering the 13 states)	Negotiations strategy meetings were organized and coordinated to cover policy differences among 13 states and to educate the attendees on the MFN Merger Conditions and how they apply in each state.	Formal Training – Five 1 hour sessions. Documentation can be provided on whom attended.	10/11/99 and 10/12/99
12	42, 43	New Product Managers in the CLEC Offering/ MFN Organization	Will provide updated MFN training manuals to new employees prior to formal training sessions.	Training Manual	Upon arrival of new employees
12	42, 43	New Product Managers in the CLEC Offering/ MFN Organization	A mentoring process will be implemented where new employees will be partnered with seasoned employees to receive on-the-job training.	Informal training	Upon arrival of new employees
12	42, 43	Product Managers, Negotiators, Account Managers	The CLEC Offering group will continue to utilize e-mail, weekly staff meeting and biweekly Wholesale Marketing calls to ensure information is appropriately disseminated.	Informal and On-going Training/ Updates	Weekly/ Biweekly

## 4. Internal Controls

Created a new organization of 10 Area Managers to handle MFN Requests and Multi-State Agreement requests in a timely manner. The Industry Markets Team established a project management process to ensure the timely completion of all Merger Conditions. This process consisted of specific detailed assignment of



tasks, as well as, a weekly reporting structure providing direct accountability and status reporting to upper management.

The project management process consisted of the following components:

- Identification and Assignment of Tasks
- Weekly Accountability and Status Review
- Group Coordinator Activities
- Project Manager Activities
- Escalation & Roadblock Management

On a weekly basis, the unbundled loop product manager, who has responsibility for implementing the offering of UNEs, reported the status to the departmental merger compliance manager.

The merger compliance manager consolidated all statuses for the organization and provided this information to senior management and the corporate compliance organization.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

## 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Date
12	42	SBC website posting of Merger Conditions	10/15/99
12	42	TCNet website posting of Merger Conditions	10/18/99
12	42,43	List of Meeting/Training Dates	10/11/99 and 10/12/99
12	42,43	Training Material	10/11/99 and 10/12/99

### Section 4: Corrective Action

Non-compliance with any Merger Condition was identified in the following ways:

- through our internal controls as described above, and
- through our CLEC customers communicating with Account Management.

Upon receipt of an issue, the account manager responded to the CLEC's issue. If the account manager was unable to resolve a CLEC's issue, it was forwarded to

the product manager for resolution. Using the product team process, the product manager attempted to resolve the issue and put corrective action in place to avoid similar problems in the future, as necessary. If the product manager was unable to resolve the issue in a timely manner, the issue was escalated to the appropriate level of higher management for resolution.

When the need for corrective action was identified, either through observations in day-to-day operations, project management oversight, or through our complaint resolution process, the appropriate management level was involved and revised processes were implemented to correct the problem. In order to ensure the timely and effective resolution of problems, the Merger Compliance Group was notified when problems were identified that related to compliance with this Merger Condition.

As a key internal control, complaint resolution may require more than resolving a unique problem for one of our CLEC customers. Thus, 1999 compliant resolution sometimes required the development or change of policy and/or procedures in other areas within the Company (e.g., network planning, maintenance, order processing, etc.), or the development or acquisition of new equipment or software to ensure permanent resolution. Account managers were required to escalate to the appropriate management level if assistance in resolution was required.

In addition, as noted in the Introduction (Section 5.3), the Corporate Compliance Officer or his delegates received an inquiry concerning this condition in 1999. A CLEC group raised concerns about the SBC advanced services affiliate's proposed interconnection agreement with Nevada Bell with respect to the language which they perceived as preventing other CLECs from exercising the Most Favored Nations "MFN" or "pick and choose" option for individual provisions of the agreement without choosing the entire agreement. SBC discussed the issues with the CLEC group and it was determined that there was no disagreement between SBC and the CLEC group regarding the "opt-into" provisions, but indeed there was confusion regarding SBC's standard MFN language in its generic agreements. SBC elected to revise that language in the generic agreement to remove any ambiguity. Additionally, SBC withdrew its proposed interconnection agreement in Nevada and subsequently refiled with its revised language.

**Condition Number: 13****Condition Name: Multi-State Interconnection and Resale Agreements****Section 1: Summary**

All 1999 commitments for Condition 13 were met. A specialized organization was developed to ensure the Multi-State Interconnection/Resale agreements were created and made available 60 days after the SBC/Ameritech Merger Close Date.

In order to meet this commitment, sessions were held with Product Managers or equivalent functional managers responsible for each state to discuss consolidation of region-wide policy. Immediately after the agreement was developed, internal training sessions were held with Account Managers, Negotiators, and Product Managers to educate them on the Condition and the material in the multi-state agreement. On-going training sessions were developed in order to ensure continued education.

The Multi-State Interconnection/Resale agreements were posted on the SBC and Ameritech CLEC websites. A SBC Accessible Letter was developed to educate CLECs on the website location. A flash e-mail was distributed to CLECs in Ameritech to educate CLECs of this commitment.

A process was developed to ensure the multi-state agreement's quality was maintained and updates were processed in a timely manner. The "What's New" section of the website was updated to reflect changes made to the agreement.

**Section 2: Person Responsible**

<b>Name</b>	<b>Title</b>
John Stankey	President- Industry Markets

**Section 3: Implementation of Condition****1. Compliance****Compliance Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
13	44	SBC and TCNet website (Ameritech's CLEC website) posting concerning Merger Conditions	10/25/99	10/15/99
13	44	Begin offering the Multi-State Interconnection/Resale Agreement	12/7/99	12/7/99
13	44	TCNet website and SBC CLEC website posting of the availability of the multi-state agreement.	12/7/99	12/7/99
13	44	Ameritech sent a flash e-mail to CLECs stating the website had been updated to include the multi-state generic interconnection agreement.	12/7/99	12/7/99

Condition	Paragraph	Milestone	Due Date	Date Completed
13	44	Customer Guide, Interconnection Agreement section containing all appendices comprising the multi-state generic interconnection agreement was posted on the SBC CLEC website.	12/7/99	12/7/99

## 2. Methods and Procedures

**Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
13	44	Training Material was developed for Product Managers to ensure the multi-state agreement compilation was completed appropriately.	10/99	10/99
13	44	Created Generic Change Authority ("GCA") process to maintain the agreement.	10/1/99	10/1/99

## 3. Training

**Training Table**

Condition	Para-graph	Target Audience	Training Message	Delivery Method	Date
13	44	Product Managers, Negotiators, Legal covering 13 states.	Trained on Products/Policies contained in the multi-state agreement.	Formal Training. Classroom style Led by Wholesale Product Managers	10/11/99 and 10/12/99
13	44	Product Managers	Trained on process for creating multi-state agreement.	Formal Training. Classroom style and conference call.	Mid 10/99
13	44	Product Managers, Negotiators, Legal	High level overview of format of the multi-state agreement. Began the first of a two month training program to train on each appendix of the multi-state agreement. Training will conclude the end of February.	Formal Training	12/17/99

On-going training related to the multi-state agreement is scheduled on a quarterly basis. SBC/Ameritech is also incorporating training in its Account Management Certification class and its Local/Wholesale Marketing class for new Account Managers, Negotiators and Product Managers.

#### 4. Internal Controls

The Industry Markets Team has established a project management process to ensure the timely completion of all Merger Conditions. This process consists of specific detailed assignment of tasks, as well as, a weekly reporting structure providing direct accountability and status reporting to upper management.

The project management process consisted of the following components:

- Identification and Assignment of Tasks
- Weekly Accountability and Status Review
- Group Coordinator Activities
- Project Manager Activities
- Escalation & Roadblock Management

On a weekly basis, the unbundled loop product manager, who has responsibility for implementing the offering of UNEs, reported the status to the departmental merger compliance manager.

The merger compliance manager consolidated all statuses for the organization and provides this information to senior management and the Merger Compliance Group.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

#### 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Date
13	44	SBC and TCNet website posting concerning Merger Conditions	10/15/99
13	44	Hard copy of SBC and TCNet website pages	12/7/99
13	44	Hard copy of training material to product managers.	12/7/99
13	44	List of meeting and training dates and who attended.	12/7/99
13	44	Copy of multi-state Generic Agreement	12/7/99

#### **Section 4: Corrective Action**

In order to create the multi-state agreement within the requisite 60 days, additional staff was added to the SBC/Ameritech Industry Markets organization. This additional staff remains in place to maintain ongoing compliance.

Non-compliance with any Merger Condition was identified in the following ways:

- though the internal controls as described above, and
- through SBC/Ameritech CLEC customers communications with their respective Account Management personnel.

Upon receipt of an issue, the account manager responded to the CLEC's issue. If the account manager was unable to resolve a CLEC's issue it was forwarded to the product manager for resolution. Using the product team process, the product manager tried to resolve the issue and put corrective action in place to avoid similar problems in the future, as needed. If the product manager was unable to resolve the issue in a timely manner, the issue was escalated to the appropriate level of higher management for resolution.

When the need for corrective action was identified, either through observations in day-to-day operations, project management oversight, or through our complaint resolution process, the appropriate management level was involved and revised processes were implemented to correct the problem. In order to ensure the timely and effective resolution of problems, the Merger Compliance Group was notified when problems were identified that relate to compliance with this Merger Condition.

As a key internal control, complaint resolution may require more than resolving a unique problem for a SBC/Ameritech CLEC customer. Thus, 1999 complaint resolution has sometimes included the development or change of policy and/or procedures in other areas within SBC/Ameritech (e.g. network planning, maintenance, order processing, etc.) or the development or acquisition of new equipment or software to ensure permanent resolution. Account managers were instructed to escalate to the appropriate management level if they require assistance to resolve an issue.

In addition, as noted in the Introduction (Section 5.3), the Corporate Compliance Officer or his delegates received an inquiry concerning this Condition in 1999. A CLEC complained about the availability and delivery of the Multi-State Interconnection/Resale Agreement and the promptness of SBC's delivery of a copy of the Agreement to the CLEC for its review. By December 7, 1999 (60 days after merger closing), SBC had created generic interconnection and resale terms and conditions covering the SBC/Ameritech Service Area in all SBC/Ameritech States. SBC also posted a message on the publicly-available area of the two SBC websites stating that the Agreement was available to any requesting carrier. The message further stated: "[T]o obtain a copy of a Multi-State Interconnection/Resale Agreement, please contact your Account Manager." SBC believes that its business practices were in compliance with the Merger Conditions; nonetheless, SBC put the entire Multi-State Interconnection/Resale Agreement on a public, non-password protected website for review by any interested CLEC.

**Condition Number: 14****Condition Name: Carrier-to-Carrier Promotions: Unbundled Loop Discount****Section 1: Summary**

All 1999 Merger Conditions requirements were met in 1999.

Merger Condition 14 required that SBC/Ameritech offer a Promotional Discount Program, whereby a CLEC could purchase at a discount, a basic loop unbundled network element facility for use in providing residential telephone service to its customers.

This Condition required that 30 days after Merger Close, the combined SBC/Ameritech service areas begin the Promotional Discount Program. Each loop sold during the promotion would be allowed the promotional discount for a period of three years, unless the CLEC disconnected the loop. The amount of the discount was set as 25% below the lowest applicable monthly recurring price established for the same loop by the relevant state commission as of August 27, 1999. In computing the amount of discount, it was further assumed that the number of unbundled loops to be provided in each geographic area will be proportionate to the number of residential access lines in that same geographic area according to the Merger Conditions.

Several terms and conditions were specified for SBC/Ameritech, as well as the subscribing CLECs. With the Merger Closing on October 8, 1999, SBC/Ameritech proceeded to plan, and put in place the Promotional Discount Program effective November 8, 1999.

**Section 2: Person Responsible**

Name	Title
John Stankey	President - Industry Markets

**Section 3: Implementation of Condition****1. Compliance**

All 1999 requirements of this Condition were complete as of December 31, 1999, as follows:

- Began offering by November 8, 1999, promotional discounts on monthly recurring charges for unbundled loops used for local service to residential end user customers,
- Met CLEC certification obligations,
- Met the requirement for SBC/Ameritech auditing rights, and
- Met the ceiling number of promotional discounts per state.

Paragraphs 46 and 46a-d required that SBC/Ameritech offer during an “offering window” of at least 24 months a promotional rate for residential (only) loops beginning 30 days after Merger Close Date. The promotion will apply for three years to any qualifying installation. These paragraphs also identify the formula for determining the amount of the discount, the obligations before and after the promotional period, and specify that this discount may not be combined with any other Merger Condition requirement.

To implement this requirement, research was completed to identify the lowest applicable rate for a two-wire analog loop in each state jurisdiction. Formulas were created, using the Merger Condition requirements, and calculations completed to determine the discount to be applied for each geographical zone, in each state. Contract amendments were drafted to formally institute the promotional discount, and notification letters were sent, offering the discount amendments to the CLEC community.

Two teams, one for Ameritech and one for SBC, were formed to identify and implement the required changes to CLEC ordering procedures, service center ordering procedures and internal billing systems. Ordering and billing systems were modified in each region to allow the discounted rate to be applied and to track the three-year expiration period for each loop.

#### CLEC Certification

Paragraph 46e imposed requirements on CLECs ordering discounted UNE Loops. CLECs must use the discount for residential telephone exchange service. CLECs may not use the discounted loop to provide any “advanced service”, nor may they combine the discounted loop with the UNE Platform or other combination. Finally, the CLECs were required, on a quarterly basis, to certify to SBC/Ameritech and the appropriate state commission that they are using all unbundled local loops provided at a promotional discounted price in accordance with the Condition 14 requirements. In each of its communications to the CLECs, SBC/Ameritech has reminded the CLECs of these obligations. Account managers had procedures for receiving and logging communications from CLECs, including the self-certifications.

#### Auditing Rights

Paragraph 46e also specifies that SBC/Ameritech shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that unbundled local loops provided at a promotional discounted price are used in accordance with the Merger Conditions. Auditing procedures were considered, but have not been developed through the end of this annual report period. Paragraph 46f notes that CLECs who violate these terms may be denied discounts on lines identified to be in violation. This paragraph further states that continued violation may result in denial of further promotional discounts to an offending CLEC. There is no obligation for SBC/Ameritech to assert auditing rights.



### Promotional Discounts per State

Paragraph 46g specified the maximum number of loops in each state that are required to be discounted during the term of the Promotional Discount Program. It noted that each loop order requesting the discount applied toward the given state's total obligation, whether the loop remains in service or not. SBC/Ameritech is also required to notify the CLECs when 50 percent and 80 percent of the line caps are reached in each state.

SBC/Ameritech initiated tracking methods to identify the composite number of loops sold in each state with the promotional discount. SBC/Ameritech has established plans to provide internet postings and/or CLEC Accessible Letter as the 50% and 80% levels are reached in each state.

As of December 31, 1999, 54 interconnection agreement amendments were either prepared or filed for the Promotional Discount on Unbundled Loops.

**Compliance Table**

Condition	Paragraph	Milestones	Date Completed			
			PB/NB	SWBT	SNET	AIT
14	45	SBC and TCNet postings offering discounts on unbundled local loops used for residential services	10/15/99	10/15/99	10/15/99	10/15/99
14	46a	Issues Clarified	7/29/99	7/29/99	7/29/99	7/28/99
14	46a	Service description issued	8/01/99	8/01/99	8/01/99	8/01/99
14	46a	Rates developed	8/10/99	8/10/99	8/10/99	8/5/99
14	46a	Rates approved	8/31/99	8/31/99	8/31/99	8/5/99
14	46a	Contract amendment completed	9/20/99	9/20/99	9/20/99	9/20/99
14	46a	SBC and TCNet websites updated	10/27/99	10/27/99	10/27/99	10/27/99
14	46a	Accessible Letter sent	10/27/99	10/27/99	10/27/99	Web Posting
14	46a	Accessible Letter posted to websites	10/27/99	10/27/99	10/27/99	10/27/99
14	45	Agreement Amendments received within the initial 10 business days to be filed simultaneously in the specific state commissions for approval	Various All completed 12/6/99	Various All completed 12/6/99	Various All completed 12/6/99	Various All completed 12/6/99

CLECs were notified of the promotional offering using methods familiar to CLECs that were already in place within each geographic region. Within SBC, an Accessible Letter (notification letter) was sent to each CLEC via U.S. Mail, and

also placed on the CLEC website for reference. Specifically, these letters are: CLEC99-157 for SWBT; CLECC99-344 for Pacific Bell; CLECN99-097 for Nevada Bell; and CLECCT99-035 for SNET. Within the Ameritech Region, CLECs are accustomed to receiving notifications via the Ameritech website (only). Hence, the website was used exclusively to reach Ameritech CLECs.

## 2. Methods and Procedures

Ordering methods and procedures ("M&P") were put in place to enable a CLEC to identify unbundled loops qualifying for the promotional discount. In addition, all billing systems across the thirteen-state territory were updated to accurately bill the unbundled loop promotional price, track the number of promotional loops, and handle any errors that may occur. CLEC ordering guidelines were also placed on the CLEC website for easy reference.

**Methods & Procedures Table**

Condition	Paragraph	Milestones	Date Completed			
			PB/NB	SWBT	SNET	AIT
14	46a	Local Service Request (order) updates completed	11/1/99	11/1/99	11/1/99	11/1/99
14	46a	M&P's completed	11/1/99	11/1/99	11/1/99	9/3/99
14	46a	Order process completed	11/8/99	11/5/99	11/5/99	11/5/99
14	46a	Bill format completed	10/1/99	10/1/99	10/1/99	11/5/99
14	46a	Billing System updates completed	11/8/99	11/5/99	11/5/99	8/3/99

## 3. Training

Training for employees was and is an on-going project. As compliance issues arose, training for impacted employees was presented. As described more fully below, training took a variety of modes, depending on the breadth of the change. Training requirements were identified, developed and implemented to ensure compliance with this Merger Condition.

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
14	46a	Service Center Operations	Service Order Coding and Procedures	Training Flash	11/7/99
14	46a	Account Management- SWBT	Merger Requirements Overview	Training Seminar led by Product Management	8/24/99
14	46a	Account Management- Pacific Bell	Merger Requirements Overview	Training Seminar	8/31/99
14	46a	Account Management- All	Merger Requirements Details	Overview Session and Break-out Training	10/11/99 through 10/12/99
14	46a	Account Management- All Lead Negotiators	Merger Requirements	Conference call Questions & Answers	Weekly – (Each Monday)

#### 4. Internal Controls

The Industry Markets Team established a project management process to ensure the timely completion of all Merger Conditions. This process consists of specific detailed assignment of tasks as well as a weekly reporting structure providing direct accountability and status reporting to upper management.

The project management process consists of the following components:

- identification and assignment of tasks,
- weekly accountability and status review,
- group coordinator activities,
- project manager activities, and
- escalation & roadblock management.

On a weekly basis the unbundled loop product manager, responsible for implementing this promotion, reported the status to the departmental merger compliance manager. As part of the reporting process, the product manager provided all significant milestones to be met, a scheduled completion date for each milestone, and a status of each milestone.

The merger compliance manager consolidated all statuses for the organization and provided this information to senior management and the Merger Compliance Group.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

#### 5. Documentation

The following documentation was available to demonstrate compliance with this Merger Condition.

**Documentation Table**

Condition	Paragraph	Description of Document	Date Available
14	45	SBC and TCNet posting offering discounts on unbundled local loops used for residential services	10/15/99
14	45	CLEC Promotional Discount tracking report	10/15/99
14	46, 46a – 46g	CLEC Notification Letter (CLEC99-157) for Southwestern Bell Region, individualized and mailed to CLECs in Southwestern Bell in Arkansas, Kansas, Missouri, Oklahoma and Texas	10/27/99
14	46, 46a – 46g	CLEC Notification Letter for Pacific Bell Region (CLEC99-344), individualized and mailed to CLECs in California	10/27/99

Condition	Paragraph	Description of Document	Date Available
14	46, 46a – 46g	CLEC Notification Letter for Pacific Bell Region (CLECN99-097), individualized and mailed to CLECs Nevada Bell	10/27/99
14	46, 46a – 46g	CLEC Notification Letter for Southern New England Region (CLECCT99-035), individualized and mailed to CLECs in Connecticut	10/27/99
14	46, 46a – 46g	Contract Amendment posted to CLEC website offering the Loop Promotion – SBC Region	10/27/99
14	46, 46a – 46g	Contract Amendment posted to TCNet website offering the Loop Promotion – Ameritech Region	10/27/99
14	46, 46a – 46g	TCNet web page describing Merger Initiatives (including Loop Promotion)	10/27/99
14	46, 46a – 46g	Training Flash #205, Promotional Discount for Basic Unbundled Loop	11/7/99
14	46, 46a – 46g	Spreadsheet of CLECs who subscribed to the merger promotions	12/31/99

#### **Section 4: Corrective Action**

Non-compliance with any Merger Condition was identified in the following ways:

- though the internal controls as described above, and
- through the CLEC customers communicating with Account Management.

The account manager first responded to the CLEC's issue. If the account manager was unable to resolve a CLEC's issue, it was escalated to the product manager for resolution. Using the product team process, the product manager tried to resolve the issue and put corrective action in place to avoid similar problems in the future. If the product manager was unable to resolve the issue in a timely manner the issue was escalated to the appropriate level of higher management for resolution.

When the need for corrective action was identified, either through observations in day-to-day operations, project management oversight, or through the complaint resolution process, the appropriate management level was involved and revised processes were implemented to correct the problem. In order to ensure the timely and effective resolution of problems, the Merger Compliance Group was notified when problems were identified that relate to compliance with this Merger Condition.

As a key internal control, complaint resolution may require more than resolving a unique problem for one of the CLEC customers. Resolution may include development of policies and/or procedures in other areas within the Company (e.g., network planning, maintenance, order processing, etc.) or the development or acquisition of new equipment or software to ensure permanent resolution. Account managers were instructed to escalate to the appropriate management level if assistance in resolution is required. Resolutions of such issues were communicated to all CLECs.

Sufficient controls were in place in 1999, such that no corrective actions were required.

**Condition Number: 15****Condition Name: Carrier-to-Carrier Promotions: Resale Discount****Section 1: Summary**

This Condition requires SBC/Ameritech to offer specified resale carrier-to-carrier promotions. All 1999 commitments for this Condition were met.

The Resale Product Team began its development efforts during early August, 1999 to research and outline the impacts to the SBC/Ameritech 13-state ordering and billing systems and define specific requirements, in preparation to offer the Resale Discount and begin the Offering Window. The Methods and Procedures documents were developed for each region, which provided detailed instructions for internal implementation and support for CLEC order requests. The ordering and billing system staff completed the ordering and billing requirements and conducted necessary tests to ensure "all systems go" prior to the Offering Window. All processes were in place to offer the promotion on the date of the offering window, effective on November 8, 1999.

SBC/Ameritech Legal, Resale Product Management, and the Contract Administration Team prepared the written offer for the CLECs operating in the 13-states to amend interconnection or resale agreements. On October 15, 1999, the SBC eight state customer notice was mailed and the Ameritech five state customer notice was posted on its website. The notice directed CLECs to the respective SBC/Ameritech websites for pertinent merger information, documents, and instructions. The new merger web pages were turned-up at the same time the customer notice was distributed with the "offer to amend".

Additional CLEC Accessible Letters (SBC Customer Notice) to the eight states and a TCNet posting (Ameritech customer notice) were prepared and distributed October 27, 1999. These notifications provided more details concerning the Resale, Digital Subscriber Loop ("DSL"), and Unbundled Network Element ("UNE") Promotions and the process to receive the promotional discounts.

The Contract Administration Team developed and documented the process to respond to and manage CLEC amendment requests. A CLEC Promotional Discount Tracking Report was created for internal control specific to the Merger Promotion Amendments. The report provides the tracking of the amendment by CLEC through to the filing and approval of the amendment with the specific state Public Utilities Commission ("PUC"). This report assisted the Team in the processing of the CLEC amendment requests received during the initial 10 day period following the Offer to Amend. The amendments were prepared for each individual State Commission and the filings were made from November 18, 1999, through December 6, 1999.

The CLEC Accessible Letters, addressed earlier, introduced the SBC/Ameritech Promotional Resale Discount Offer and directed the CLECs to the

SBC/Ameritech 13-state websites for more information. The websites contained the Merger Order and Conditions and instruction was provided for the CLECs about participation in the Promotional Discount Offer.

The Accessible Letters placed on the websites served as training and informational tools for CLECs and for SBC/Ameritech employees. E-mails, announcements, updates, and postings to the websites also provided the current status.

## **Section 2: Person Responsible**

<b>Name</b>	<b>Title</b>
John Stankey	President – Industry Markets

## **Section 3: Implementation of Condition**

### **1. Compliance**

#### **Paragraph 47**

Written Offer to all CLECs operating in 13 states to Amend CLEC Agreements to Include Applicable Promotions (offer made at same time to all CLECs with existing interconnection or Resale agreements).

The SBC/Ameritech Contract Administration Team prepared the written offer for the CLECs to amend interconnection or resale agreements. The assistance of the legal department, Resale, and UNE Product Management was utilized in this effort.

On October 27, 1999, SBC eight state Accessible Letters and Ameritech five state TCN posting was distributed simultaneously to CLECs. The notifications provided more details of the five promotional offerings made on October 15, 1999. The letters also directed CLECs to the respective SBC/Ameritech websites for pertinent merger information, documents, and instructions. Information on the web pages was available at the same time the Accessible Letter was distributed.

The letters and website posting served as informational tools and as training resources for CLECs and for employees of SBC/Ameritech.

#### **Paragraph 47**

Establish Internal Controls/Process to ensure wholesale business units are responsive to CLEC requests for carrier-to carrier promotions required by the Merger Conditions.

The Contract Administration Team developed a CLEC Promotional Discount Tracking Report for Internal Control specific to the Merger Promotion Amendments. This report was completed by October 27, 1999, and was updated

to reflect current merger amendments as the amendments were requested. The report provided the tracking of the amendment through to the filing and approval of the amendment with the specific state PUC.

The report was available on the SBC/Ameritech shared company drive for employee work groups as a reference to determine eligibility for the billing systems and to track the amendment history of a CLEC.

#### Paragraph 47

Agreement amendments for all carriers in a state that accept written offers within 10 business days will be filed at the same time for approval by the state commission.

The Contract Administration Team processed the CLEC amendment requests received during the initial 10-day period after the Offer was made. The amendments were prepared for each State Commission filing. The filings were made from November 18, 1999, through December 6, 1999 (no filing required in SNET as no requests were made during the 10 day period in Connecticut).

A separate CLEC Promotional Discount Tracking Report was prepared for these 10-Day request bundled filings. The report lists those CLECs who took advantage of the promotion within the first 10 days of the Offer.

#### Paragraphs 48,49

Residential Competition Stimulation - Resale Discounts (Prepare to Offer).

The Resale Product Teams began development efforts during early August, 1999. The Team defined and outlined the impacts to the SBC/Ameritech 13 - state ordering and billing systems, and then developed the strategy for support of the resale merger discount. The Methods and Procedures documents were prepared with information provided by the programmers to establish mechanized order process. The systems changes were completed for ordering and billing. The systems were tested to insure readiness for SBC/Ameritech to offer the resale discount.

The Methods and Procedures documents were distributed to the Local Service Center to be helpful as a training tool for the description of the order procedure and the controls in place for provisioning.

The October 27, 1999, Accessible Letters and a TCNet posting detailed the Merger Promotional Discount Offerings and directed the CLECs to the SBC/Ameritech websites for more information. The websites contained the FCC Merger Order and Conditions. Instruction was provided for the CLECs concerning Promotional Discount Offer participation.



The same information was provided to the SBC/Ameritech employees. E-mails, announcements, and the websites offered training opportunities concerning the Merger and the Promotional Discount Offerings.

#### Paragraph 49

Begin Offering Window for Promotional Resale Discounts.

The Resale Product Teams were prepared to begin the Offering Window 30 days after Merger Closing Date ("MCD"). The systems were programmed in preparation of the Offer.

As of December 31, 1999, 178 agreement amendments were either prepared or filed for the Promotional Resale Discount.

**Compliance Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
15	47	Written Offer to all CLECs operating in 13 states to amend CLEC Agreements to include the Merger Promotion (Offer to be made at same time to all CLECs w/existing interconnection or resale agreements)	10/18/99	10/15/99
15	47	Establish Internal Controls/Process to insure wholesale business units are responsive to CLEC requests for promotions	10/25/99	10/15/99
15	48, 48 a, b, c, 49	Prepare to offer Resale Discounts Begin Offering Window for Promotional Resale Discounts	11/8/99	11/7/99
15	47	Agreement Amendments received within the initial 10 business days to be filed simultaneously in the specific state commissions for approval	Various Dates	12/6/99

## 2. Methods and Procedures

The SBC/Ameritech 13-state Methods and Procedures ("M&P") documents were used by the systems programmers to establish the mechanized order process to meet the November 8, 1999, Merger Conditions-required offering date. The documents were shared with Resale employee teams to educate for the ordering

process. The systems changes were completed for ordering and billing. The systems were tested to ensure readiness for the SBC/Ameritech Merger Promotional Resale Discount.

**Methods and Procedures Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
15	48, 48 a, b, c, 49	Prepare to offer Resale Discounts	10/29/99	10/29/99
15	48, 49	Begin Offer Window for Promo Resale Discounts M&Ps	11/8/99	11/7/99

### 3.Training

Training was provided for the Local Service Center (“LSC”) representatives in formal settings, walkthrough (explanation), or self paced reading .The SBC/Ameritech Intranet provides the media to distribute Merger descriptions and information. The descriptions and information are referred to as “flashes” and “jumpstarts”.

The M&Ps were placed in the on-line internal reference website for the LSC and the information was covered with the service representatives to ensure understanding. The CLEC Handbook and the SBC/Ameritech websites were resources for the service representatives to receive the same information that the CLECs had. The LSC Managers shared critical issues with the LSC teams, and provided close supervision and observation to ensure full understanding of offerings and procedures. Accessible Letters were provided for the LSC Managers to cover with the LSC teams. All Training flashes and jumpstart memos were provided to the Training Development Team for inclusion in initial training for new LSC representatives.

Merger information was provided for the CLEC Account Managers during the Bi-weekly Wholesale Division Meetings and conference calls to discuss the initial Conditions. Training was accomplished in a formal setting using the Order and the Conditions and pertinent material to be covered to ensure understanding. Any “Flashes” and “Jumpstart” memos (Up dates) were provided via the CLEC Handbook , the CLEC Website, and the internal employee website. Accessible Letters were provided to the Account Management Teams for coverage as they were provided to the CLECs.

All Training informational “flashes” and “jumpstart” memos were provided to the Training Development Team, a segment of the business unit for inclusion in, “Initial Training for Local Wholesale Manager 101 Training for New Account Managers”. Additional employee training requirements were identified, developed, and implemented to insure SBC/Ameritech compliance with this Condition on a going-forward basis.

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
15	47, 48, 48 a, b, c, 49	Merger Planning / Implementation Team	The Marketing & Service Description identified Merger Conditions parameters	Team Conferences and Intranet	8/6/99 On going
15	47, 48, 48 a, b, c, 49	LSC Service Reps and Account Management	Introduction of the Merger, direction to Website for Instruction	Accessible Letter Distribution to CLECs and Employees through the Intranet and Websites	10/15/99 10/27/99
15	47, 48, 48 a, b, c, 49	LSC Service Reps	Methods & Procedures for CLEC orders	Team Meeting/ Training, including Intranet	10/26/99 10/28/99
15	47, 48, 48 a, b, c, 49	CLECs and Account Managers	Merger Conditions	E-mail, Website, and Ameritech Account Management  SWBT Account Management  Pacific Account Management	10/01/99  11/23/99 11/30/99

#### 4. Internal Controls

The CLEC Promotional Discount Tracking Report was specific to the Merger Promotion Amendments and Timelines. It was useful to all work groups in support of the Discount Offer. The report was updated to reflect the merger amendments as the amendments are requested. Date entries were reflected on the report as the amendment was received, signed, and then filed with the state specific PUC. These tracking measures insured that Conditions were met. The Contract Administration Team initiated and maintained this report.

The report was used in training and provided the reference to determine programming for the billing systems and to aid the CLEC Local Service Centers with questions relating to eligibility.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

## 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Date
15	48, 48 a, b, c, 49	Marketing and Service Description	8/17/99
15	48, 48 a, b, c, 49	Methods and Procedures Documents	10/29/99
15	47, 48, 48 a, b, c, 49	Accessible Letters (Notification Letter to CLECs of the Merger Discount opportunities), TCNet postings	10/15/99 10/27/99
15	48, 48 a, b, c, 49	Website for SBC/Ameritech Merger Promotion information	11/5/99
15	47	CLEC Promotional Discount Tracking Report	10/15/99

### Section 4: Corrective Action

The CLEC Promotional Discount Tracking Report was the reference that provided SBC/Ameritech systems with the Promotional Merger Amendment history. The information included the billing system load date for the Discount Implementation. The report was used in resale billing to insure that the entitled CLEC was programmed for the Merger discount.

The Local Service Center used the SBC/Ameritech established Complaint Procedure to assist with CLEC questions. If it was determined after investigation and discussion with the CLECs that adjustments were appropriate, the adjustments were processed.

The Account Managers worked one-on-one with the CLECs and through the LSC to bring issues and complaints to a satisfactory close.

In addition, as noted in the Introduction (Section 5.3), The Corporate Compliance Officer or his delegates received an inquiry concerning this Condition in 1999. A CLEC complained about the availability of discounts for resale service. The CLEC was informed that the discounts were available and that it must obtain an interconnection agreement amendment before it would receive the benefits of the Merger Conditions. SBC believes that it was in compliance with Condition 15.

**Condition Number: 16****Condition Name: Carrier-to-Carrier Promotions: End-to-End Combinations****Section 1: Summary**

SBC/Ameritech agreed to make available to Competitive Local Exchange Carriers ("CLECs") the offering of promotional end-to-end Unbundled Network Element ("UNE") combinations for the provisioning of residential Plain Old Telephone Service ("POTS") and Basic Rate Interface ("BRI") Integrated Services Digital Network ("ISDN"). All commitments for this Condition required to be completed in 1999 were met in 1999.

The requirement to offer promotional end-to-end UNE combinations in accordance with Paragraphs 50-52 were met through the offering of a contract amendment, to all CLECs, to their interconnection agreements. The contract amendment contains all terms and Conditions associated with the offering of the promotional end-to-end UNE combinations and was made available via the SBC and TCNet websites for CLECs on October 15, 1999.

Paragraphs 50-52 outline the requirement for SBC/Ameritech to offer the promotional end-to-end UNE combinations in 13 states. A team consisting of members representing various internal departments was established on August 15, 1999, to develop the offering to satisfy this requirement.

Billing systems were modified to establish codes to track the three-year expiration period for each combination and were reported on a monthly basis to ensure proper tracking for the requirement. A manager from Industry Markets was the leader of this tracking team. Section 3 highlights the schedule for development and implementation created by the Product Team.

**Section 2: Person Responsible**

Name	Title
John Stankey	President – Industry Markets

**Section 3: Implementation of Condition****1. Compliance****Offering of End-to-End Combinations**

A team was formed to address all the ordering, provisioning, billing and training requirements necessary to implement this Merger Condition. CLEC ordering systems were changed to allow CLECs to indicate that the UNE Platform was related to the Merger Promotion. No provisioning system changes were required. Billing systems were modified in each region to allow the tracking code to be established to track the three-year expiration period for each combination.

### CLEC Certification

Paragraph 51a imposes requirements on CLECs ordering discounted UNE Loops. CLECs must use the promotional UNE platform for residential POTS and residential Basic Rate Interface ("BRI") ISDN. CLECs are required, on a quarterly basis, to certify to SBC/Ameritech and the appropriate state commission that they are using all promotional UNE platforms provided in accordance with these Conditions. In each of its communications to the CLECs, SBC informed the CLECs of these obligations.

### Auditing Rights

SBC/Ameritech shall have the right to hire, at its own expense, an independent third-party auditor to perform all necessary audits and inspections needed to assure that all a promotional UNE platforms are used in accordance with Conditions. As of December 31, 1999, auditing procedures were not necessary and therefore this process was not undertaken.

As of December 31, 1999, 39 interconnection agreement amendments were either prepared or filed for the End-to-End Combinations Promotion.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
16	50	SBC and TCNet website postings offering UNE combination promotion	10/18/99	10/15/99
16	50, 51, 52	Begin offering promotional end-to-end UNE combinations to provide residential POTS and Basic Rate Interface ISDN	11/8/99	11/5/99
16	51d	SBC Audit Provisions for assuring Carrier Compliance with UNE Platform Provisions. SBC & Ameritech develop joint common process for certification	11/8/99	11/5/99
16	50	Agreement Amendments received within the initial 10 business days to be filed simultaneously in the specific state commissions for approval	Various Dates	12/6/99

### 2. Methods and Procedures

Ordering methods and procedures ("M&P") were put in place that enable a CLEC to request the promotional UNE platform. In addition, all billing systems across the thirteen-state territory were updated to accurately bill and track the promotional UNE platform. Copies of the Accessible Letters offering the promotional UNE platform were placed on the SBC and CLEC website for reference. CLEC ordering guidelines were placed on the SBC and TCNet CLEC websites for easy reference.

### Methods & Procedures Table

Condition	Paragraph	Milestone	Due Date	Date Completed
16	50, 51, 52	Begin offering promotional end-to-end UNE combinations to provide residential POTS and Basic Rate Interface ISDN	11/8/99	11/02/99 (PB/NB) 10/14/99 (SWBT) 11/03/99 (SNET) 10/25/99 (AIT)

### 3. Training

Training for employees was and is an on-going project. As compliance issues arise, new products are introduced and existing products are enhanced, training for contact employees is essential. Training in 1999 was conducted via a variety of modes, depending on the breadth of the change. As described more fully below, training requirements were identified, developed and implemented to insure compliance with this Condition.

#### Service Center Operations

A training flash was sent to all line employees in the Local Operations Center ("LOC") and Local Service Center ("LSC") or equivalent functional units advising them of this promotional offering. The flash includes a description of the promotion, Local Service Request ("LSR") changes and an example of the service order. Procedures were put in place to quickly distribute additional training flashes as issues are identified. In addition, training flashes were reviewed with all employees at weekly supervisory meetings to insure understanding and compliance with the Merger Conditions.

#### Account Management

An Account team conference was planned to occur as soon as practicable after the Merger Close, and took place on October 11-12, 1999. The conference began with an overview presentation for all attendees regarding the promotional UNE platform offering as described in the Merger Conditions. This presentation was followed by several breakout sessions for the remainder of the conference to explain details, and to ensure that all account managers were familiar with the process and terms and conditions.

Formal training sessions were conducted for all account managers and contract negotiators on November 29, 1999 (for SWBT), and December 7, 1999 (for Pacific), and December 15, 1999 (for SNET). During these sessions an overview of the promotional UNE platform offering and the terms and conditions was presented.

In addition, conference calls were scheduled and held every other week with all account managers and contract negotiators to answer questions that may have arisen on this or any other subject.

Finally, all account managers and contract negotiators were given copies of the notification announcing the promotional UNE platform offering and had access to the SBC or TCNet CLEC website where they could review contract language supporting the loop promotions.

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
16	50, 51, 52	Service Representatives	Merger requirements	Training Flash	10/25/99
16	50, 51, 52	Service Representatives	Order coding for merger related orders	Training Flash	10/25/99
16	50, 51, 52	Account Managers	Merger requirements	Account Team Meeting-- Dallas	10/11/99 10/12/99 11/29/99 12/07/99 12/15/99 01/19/00
16	50, 51, 52	Account Managers	Merger requirements	Bi-weekly Conference Calls	Ongoing

#### 4. Internal Controls

The Industry Markets Team established a project management process to ensure the timely completion of all Merger Conditions. This process consisted of specific detailed assignment of tasks, as well as a weekly reporting structure providing direct accountability and status reporting to upper management.

The project management process consists of the following components:

- Identification and Assignment of Tasks
- Weekly Accountability and Status Review
- Group Coordinator Activities
- Project Manager Activities
- Escalation & Roadblock Management

On a weekly basis the UNE combinations product manager, who had responsibility for implementing this promotion, reported the status to the departmental merger compliance manager. As part of the reporting process, the product manager provided all significant milestones to be met, a scheduled completion date for each milestone, and a status of each milestone. In addition, the product manager was responsible for identifying whether the project was in green, yellow or red status.

The merger compliance manager consolidated all statuses for the organization and provided this information to senior management and the Merger Compliance Group.



In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

#### 5. Documentation

The following types of documents demonstrate compliance with this Merger Condition:

- CLEC Notification Letters for the SBC Region, individualized and mailed to CLECs in Southwestern Bell, Pacific Bell, Nevada Bell, and Southern New England regions.
- CLEC Notification Letters for SBC Region, individualized and placed on Internet Web network for CLECs in Southwestern Bell, Pacific Bell, Nevada Bell, and Southern New England regions. Notification in the Ameritech region was provided via a TCNet posting.
- Contract Amendment offering the Promotional UNE Platform
- Spreadsheet of CLECs who have subscribed to the merger promotions
- Training Flash #205, Promotional UNE Platform Offering (SBC)
- CLEC Guidelines for ordering the Promotional UNE Platform (SBC) are located in the CLEC Handbook.

**Documentation Table**

Condition	Paragraph	Description of Document	Date Available
16	50, 51, 52	Interconnection Agreement Amendment	09/20/99
16	50	SBC and TCNet web posting offering UNE combination promotion	10/15/99
16	50	CLEC Promotional Discount Tracking Report	10/15/99
16	50, 51, 52	Training Document	10/25/99
16	50, 51, 52	Accessible Letters	10/27/99
16	50, 51, 52	Methods and Procedures	11/02/99 (PB/NB) 10/14/99 (SWBT) 11/03/99 (SNET) 10/25/99 (AIT)
16	50, 51, 52	Billing Systems Updates	10/14/99 (SWBT) 11/30/99 (SNET) 10/29/99 (AIT) 10/25/99 (PB/NB)

#### Section 4: Corrective Action

Non-compliance with any Merger Condition was identified in the following ways:

- through our internal controls as described above or
- through our CLEC customers communicating with Account Management.

Upon receipt of an issue, the account manager responded to the CLECs issue. If the account manager was unable to resolve a CLECs issue it was forwarded to

the product manager for resolution. Using the product team process, the product manager tried to resolve the issue and put corrective action in place to avoid similar problems in the future. If the product manager was unable to resolve the issue in a timely manner the issue was escalated to the appropriate level of higher management for resolution.

When the need for corrective action was identified, either through observations in day-to-day operations, project management oversight, or through our complaint resolution process, the appropriate management level was involved and revised processes were implemented to correct the problem. In order to insure the timely and effective resolution of problems, the Merger Compliance Group was notified when problems were identified that relate to compliance with this Merger Condition.

As a key internal control, complaint resolution may require more than resolving a unique problem for one of the CLEC customers. Resolution may include development of policies and/or procedures in other areas within the Company (e.g. network planning, maintenance, order processing, etc.) or the development or acquisition of new equipment or software to ensure permanent resolution. Account managers were instructed to escalate to the appropriate management level if assistance in resolution is required. Resolutions of such issues were communicated to all CLECs.

Sufficient controls were in place in 1999 such that no corrective action was required.

**Condition Number: 17****Condition Name: Offering of UNEs****Section 1: Summary**

All Conditions with 1999 requirements for this Condition were met in 1999.

Merger Condition 17 required that SBC/Ameritech confirm and continue to make available to telecommunications carriers, in the SBC/Ameritech Service Area within each of the SBC/Ameritech States, such UNEs or combinations of UNEs that were made available in the state under SBC's or Ameritech's local interconnection agreements in effect on January 24, 1999, under the same terms and conditions that such UNEs or combinations of UNEs were made available on that date.

This commitment will continue in force until the earlier of:

- the date the Commission issues a final order in its UNE remand proceeding in CC Docket No. 96-98 finding that the UNE or combination of UNEs is not required to be provided by SBC/Ameritech in the relevant geographic area, or
- the date of a final, non-appealable judicial decision providing that the UNE or combination of UNEs is not required to be provided by SBC/Ameritech in the relevant geographic area.

This Merger Condition shall become null and void and impose no further obligation on SBC/Ameritech after the effective date of a final and non-appealable Commission order in the UNE remand proceeding.

**Section 2: Person Responsible**

Name	Title
John Stankey	President-Industry Markets

**Section 3: Implementation of Condition****1. Compliance**

All requirements of this Condition required in 1999 were complete as of December 31, 1999.

To confirm SBC/Ameritech's commitment to the continued offering of UNEs, letters were sent to Mr. Lawrence E. Strickling, Chief-Common Carrier Bureau, FCC, dated February 9, 1999, from the Senior Vice President-SBC Communications Inc., and from the President-Industry Markets-SBC Communications Inc. In addition, a similar letter addressed to Mr. Lawrence Strickling was sent February 11, 1999, from the Executive Vice President of Ameritech.

Accordingly, SBC/Ameritech has complied with this Condition through December 31, 1999 by continuing to offer UNEs and combinations of UNEs until the Commission's UNE Remand decision is issued.

**Compliance Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Date Completed</b>
17	53	Letter sent to FCC from SBC's Robertson and Kinney	2/9/99	2/9/99
17	53	Letter sent to FCC from Ameritech's Allen	2/11/99	2/11/99

**2. Methods and Procedures**

Existing methods and procedures were not impacted by this commitment. As an on-going matter of business, ordering methods and procedures were already in place to enable a CLEC to order UNEs prior to the Merger.

**3. Training**

No additional training was required for this merger commitment. Employees had been trained to offer and process CLEC requests for UNEs prior to the MCD, and continue to offer and process CLEC requests for UNEs post MCD. To this extent, the offering of UNEs was a routine business practice both pre and post Merger.

**4. Internal Controls**

The Industry Markets Team established a project management process to ensure the timely completion of all FCC Merger Conditions. This process consisted of specific detailed assignment of tasks, as well as a weekly reporting structure providing direct accountability and status reporting to upper management.

The project management process consisted of the following components:

- Identification and Assignment of Tasks
- Weekly Accountability and Status Review
- Group Coordinator Activities
- Project Manager Activities
- Escalation & Roadblock Management

On a weekly basis, the unbundled loop product manager, responsible for implementing the offering of UNEs, reported the status to the departmental merger compliance manager.

The merger compliance manager consolidated all statuses for the organization and provided this information to senior management and the Merger Compliance Group

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

#### 5. Documentation

The following documents demonstrate compliance with this Merger Condition:

**Documentation Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Description of Document</b>	<b>Date Available</b>
17	53	Letter to FCC from SBC's Robertson and Kinney	2/9/99
17	53	Letter to FCC from Ameritech's Allen	2/11/99
17	53	Letter filed with FCC Secretary by Charles Foster	10/6/99

#### **Section 4: Corrective Action**

Non-compliance with any Merger Condition was identified in the following ways:

- though our internal controls as described above or,
- through our CLEC customers communicating with Account Management

Upon receipt of an issue, the account manager will respond to the CLEC's issue. If the account manager is unable to resolve a CLEC's issue, it is raised to the product manager for resolution. Using the product team process, the product manager will try and resolve the issue and put corrective action in place to avoid similar problems in the future. If the product manager is unable to resolve the issue in a timely manner, the issue is escalated to the appropriate level of higher management for resolution.

When the need for corrective action is identified, either through observations in day-to-day operations, project management oversight, or through our complaint resolution process, the appropriate management level is involved, and revised processes are implemented to correct the problem.

In addition, as noted in the Introduction (Section 5.3), the Corporate Compliance Officer or his delegates received an inquiry concerning this Condition in 1999. A CLEC asked that a call waiting indicator light telecommunications service that was available in Connecticut be available in California. The service was not an

unbundled network element, and the issue was resolved. SBC believes it was in compliance with Condition 17.

**Condition Number: 18****Condition Name: Alternative Dispute Resolution through Mediation****Section 1: Summary**

All commitments required for this Condition in 1999 were met.

This Condition requires SBC/Ameritech to implement, subject to state commission approval and participation, an Alternative Dispute Resolution process to resolve carrier-to-carrier disputes regarding the provision of local services. Alternative Dispute Resolution Through Mediation Language was included as Attachment D to Appendix C of the Merger Conditions. Notification was placed on the SBC and TCNet websites.

**Section 2: Person Responsible**

Name	Title
John Stankey	President- Industry Markets

**Section 3: Implementation of Condition****1. Compliance**

As of December 31, 1999, 149 agreement amendments were either prepared or filed for this commitment.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
18	54	The Alternative Dispute Resolution language was created in accordance with the FCC commitments and provided as an FCC merger amendment appendix	10/25/99	10/15/99
18	54	Accessible Letter/TCNet postings stating that the contract amendments related to the Merger Conditions appendix were available to CLECs	10/25/99	10/15/99
18	54	The Merger Conditions appendix which included the Alternate Dispute Resolution language was placed on the websites	10/15/99	10/15/99

## 2. Methods and Procedures

**Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
18	54	Alternate Dispute Resolution Offering Completion	10/25/99	10/15/99

## 3. Training

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
18	54	Negotiators for all 13 states.	How to provide the Merger Conditions Appendix to CLECs (which included the Alternate Dispute Resolution Language)	Video Conference	10/99
18	54	Negotiators, Contract Administration and Product Managers	Trained on Conditions related to ADR process contained in the Merger Conditions.	Formal Meeting	10/11/99 10/12/99

## 4. Internal Controls

Organizational management and support teams were responsible for managing their assignments to ensure the timely implementation, maintenance and ongoing success of their products and other responsibilities. This included any associated tracking, reporting or other regulatory requirements at state or federal levels.

The SBC/Ameritech Industry Markets Team established a project management process to ensure the timely completion of all Merger Conditions. This process consisted of specific detailed assignment of tasks, as well as a weekly reporting structure that provided direct accountability and status reporting to upper management.

The project management process consisted of the following components:

- Identification and Assignment of Tasks
- Weekly Accountability and Status Review
- Group Coordinator Activities
- Project Manager Activities
- Escalation & Roadblock Management

On a weekly basis, the product manager reported status to the departmental merger compliance manager.



The merger compliance manager consolidated all statuses for the organization and provided this information to senior management and the SBC/Ameritech Merger Compliance Group.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

## 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Date
18	54	Accessible Letter/TCNet posting	10/15/99
		SNET letter to DPUC	10/18/99
18	54	Merger Conditions Amendment	10/15/99

### Section 4: Corrective Action

Sufficient controls were in place during 1999, and no corrective actions were necessary.

Non-compliance with any Merger Condition is identified in the following ways:

- though the internal controls as described above, or
- through SBC/Ameritech CLEC customers communications with their respective Account Management personnel.

Upon receipt of an issue, the account manager will respond to the CLEC's issue. If the account manager is unable to resolve a CLEC's issue, it is raised to the product manager for resolution. Using the product team process, the product manager will try and resolve the issue and put corrective action in place to avoid similar problems in the future. If the product manager is unable to resolve the issue in a timely manner, the issue is escalated to the appropriate level of higher management for resolution.

When the need for corrective action is identified, either through observations in day-to-day operations, project management oversight, or through our complaint resolution process, the appropriate management level is involved, and revised processes are implemented to correct the problem

**Condition Number: 19**  
**Condition Name: Shared Transport**

**Section 1: Summary**

All commitments for Paragraph 55 of this Condition were met in 1999 prior to the SBC/Ameritech merger. In this pre-Merger Condition, SBC/Ameritech agreed to make available to telecommunications carriers ("TCs") in the Ameritech states Unbundled Local Switching with the function of Interim Shared Transport.

The requirement to offer Interim Shared Transport in accordance with Paragraph 55 was met through the offering to all TCs of a contract amendment to their interconnection agreement. The contract amendment containing all terms and conditions associated with Interim Shared Transport was made available via TCNet – the Ameritech website for TCs – on October 6, 1999. In addition, Ameritech filed tariffs to offer Interim Shared Transport in Illinois and Michigan pursuant to state requirements. These tariffs are both in effect. As required by this paragraph, Ameritech also filed a letter prior to the MCD to withdraw its proposal to establish a separate transit service rate to be charged in conjunction with shared transport. The regulatory aspects of this requirement were addressed by the State Regulatory organization. The business and operational aspects of this requirement were addressed by the Industry Markets organization. The offering of Interim Shared Transport will remain in effect until Long Term Shared Transport is available.

Although this offering has been available prior to the SBC/Ameritech merger, no TC in the Ameritech states has requested Unbundled Local Switching with access to Interim Shared Transport.

Paragraph 56 outlines the requirement for SBC/Ameritech to offer, within 12 months of the MCD, a Long Term Shared Transport option in the Ameritech states that is "substantially similar" to the shared transport that SBC/Ameritech offers to TCs in Texas. A SBC/Ameritech product team was established on November 15, 1999 to develop an offering that will satisfy this requirement. A product manager from the Industry Markets unit was the leader of this team.

**Section 2: Person Responsible**

Name	Title
John Stankey*	President – Industry Markets

\* On December 7, 1999, the responsibility for compliance with this Merger Condition was transitioned from the Regulatory Organization to the Industry Markets unit.

### **Section 3: Implementation of Condition**

#### **1. Compliance**

This Condition requires that two versions of Shared Transport be made available in the Ameritech States: (a) Interim Shared Transport, and (b) Long Term Shared Transport.

##### (a) Interim Shared Transport -- Paragraph 55:

The requirements of this paragraph were met. Interim Shared Transport was made available prior to the MCD to TCs via contract amendment. The contract amendment includes all requirements identified in Paragraph 55. The Interim Shared Transport function of Unbundled Local Switching ("ULS-IST") was introduced to the carriers via a TCNet announcement, which is Ameritech's standard notification vehicle for Telecommunications Carriers. This website provided carriers access to a copy of the Interim Shared Transport contract amendment as well as access to the Unbundled Services Ordering Guide, which includes the Interim Shared Transport description, terms and conditions, ordering requirements, and billing detail.

As of February 21, 2000, the stand-alone contract amendments for ULS-IST have been superceded by the SBC 13-state Generic Interconnection Agreement amendment (Merger Conditions Appendix, Section 14), which incorporated the terms and conditions of this Interim Shared Transport function. TCNet was the means for a TC to access a copy of this amendment.

Upon state commission approval of a Carrier-SBC/Ameritech Interconnection Agreement, the carrier completes an Ameritech Unbundling Questionnaire, which is available on TCNet. This questionnaire is the standard vehicle for the carrier to provide the necessary ordering, maintenance, and billing detail required for updating the SBC/Ameritech billing systems. Once this data is loaded in Ameritech's billing tables, the carrier is capable of issuing ULS-IST orders and receiving data transmissions related to this offering. This same process will be followed by carriers who purchase the Interim Shared Transport option from tariffs filed in Illinois and Michigan, which were effective prior to the MCD.

The Interim Shared Transport option for Unbundled Local Switching was made available and offered to TCs via tariffs in Illinois (effective September 22, 1999) and in Michigan (effective September 29, 1999). This offering has been generally available to TCs in all Ameritech states since October 6, 1999, and eight interconnection agreements have been prepared or filed as of the end of 1999. However, no carrier has sought to order Interim Shared Transport in any of the 5-states in the Ameritech service area.

Also, as required by this paragraph, on September 1, 1999, Ameritech filed a letter with the Commission withdrawing its proposal to the Commission to establish a separate transit service rate in conjunction with shared transport (as

described in Ameritech's March 25, 1999, Ex Parte filing in CC Docket No. 96-98).

Interim Shared Transport was offered via TCNet on October 6, 1999, two days before the MCD. Additional information pertaining to all Merger Conditions, including ULS-IST, was posted on TCNet on October 8, 1999. The overall project plan for paragraph 55 includes the following activities and completion dates:

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
19	55	Identify/Clarify Issue	6/17/99	6/17/99
19	55	Create Service Description	6/17/99	6/17/99
19	55	Identify & Submit Billing System Requirements	7/2/99	7/2/99
19	55	Develop Shared Transport Rate Factoring Process	7/2/99	7/2/99
19	55	Document Business Rules	7/23/99	7/23/99
19	55	Calculate State Specific Shared Transport Rates & Access Credit	8/1/99	8/1/99
19	55	Complete Billing System Updates	8/6/99	8/6/99
19	55	Complete Testing of Service Order Process	8/6/99	8/6/99
19	55	Create Access Credit Process	8/20/99	8/20/99
19	55	Issue M&P To Network and Service Center Work Groups	8/31/99	8/31/99
19	55	Complete Test Bill Validation	8/31/99	8/31/99
19	55	Complete Contract Amendment for Tenet	8/31/99**	8/31/99
19	55	Update Model Contract Language	8/31/99**	8/31/99
19	55	Update TCNet User Guide	8/31/99**	8/31/99
19	55	AIT withdrawal of separate transit service rate in conjunction with shared transport proposal	10/8/99	9/1/99
19	55	Filed ULS-IST Tariff in Illinois	9/21/99	Effective 9/22/99
19	55	Filed ULS-IST Tariff in Michigan	9/29/99	Effective 9/29/99
19	55	Posted Contract Amendment in TCNet website	10/8/99	10/6/99
19	55	Posted TCNet User Guide Update on TCNet website	10/8/99	10/6/99
19	55	Posted Merger Conditions Announcement (including ULS - IST) on TCNet website	10/8/99	10/8/99

\*\* Because the provision of ULS-IST was a pre-Merger Condition, Ameritech was prepared to meet an anticipated September 1, 1999 MCD. However, ULS-IST actually was made available on October 6, 1999 to be more closely timed to the actual date the SBC/Ameritech merger closed.

(b) Long Term Shared Transport – Paragraph 56:

Long Term Shared Transport will be available by October 8, 2000 to TCs through a contract amendment to their Interconnection Agreements. A Product Team led by the Industry Markets Unit is developing the product offering that satisfies this requirement. The Product Team includes representatives from the Ameritech Information Industry Services Service Center, Network, Billing, Information Technology, Regulatory, and Training organizations. Since Long Term Shared Transport is not required to be made available until 12 months after MCD (i.e., by October 8, 2000), minimal reference is given here to work performed in 1999 to implement this requirement.

During 1999, the Product Team developed an initial project plan to implement the offering of Long Term Shared Transport. Other activities completed in 1999 included assembling a Product Team and working with SBC counterparts to understand the version of Shared Transport offered in the SBC-Texas service area.

The Long-Term Shared Transport project ensures that the Product Team is actively supported by the Regulatory Organization in developing and introducing Long Term Shared Transport. The goal is to ensure that the internal milestones associated with this merger commitment will be satisfied by the due date of October 8, 2000.

## 2. Methods and Procedures

Methods and Procedures ("M&P") were created in August for Unbundled Local Switching with Interim Shared Transport ("ULS-IST"). The Local Service Center was notified of the updated M&P for Interim Shared Transport via e-mail. Several provisioning M&P documents in the Network organization were updated and distributed through normal channels.

**Methods & Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
19	55	Document Business Rules	7/23/99	7/23/99
19	55	Issue M&P To All Work Groups	8/31/99	8/31/99

For Long Term Shared Transport, the Product Team was responsible for determining the need for new and/or revised M&P for the Service Center and Provisioning personnel.

## 3. Training

Training for employees is an on-going project. As compliance issues arise, new products are introduced, and existing products are enhanced, training for contact employees is essential. One example of an existing product with a new option is Unbundled Local Switching with access to Interim Shared Transport ("ULS-IST").

Therefore, various training modes were used with the deployment of ULS-IST to educate the internal teams on this ULS product enhancement.

The Unbundled Local Switching with access to Interim Shared Transport was introduced to the Ameritech CLEC Account Teams on September 21, 1999 in Chicago (pre-SBC/Ameritech merger close). Internal provisioning teams within Ameritech received updated ULS M&P's introducing the IST option. On October 11 and 12, 1999, the first internal post-merger product training sessions was conducted for the 13-state SBC/Ameritech CLEC Account Teams and Negotiations Teams in Dallas, Texas, which included a section describing ULS-IST.

**Training Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Target Audience</b>	<b>Training Message</b>	<b>Delivery Method</b>	<b>Date</b>
19	55	Ameritech Account Teams	UNE Products	Forum	9/22/99
19	55	SBC Account Teams & Negotiators	Post-Merger UNE Products	Group Presentations	10/11/99 & 10/12/99

#### 4. Internal Controls

The Product Manager from the Special Markets unit is responsible for the overall management of the implementation schedule. The development and implementation project team lead representatives on the Product Team are responsible for ensuring that their respective work groups meet the major milestones within the target timelines set forth by the Merger Conditions. Weekly Network and Information Technology meetings will serve as a forum to resolve interdepartmental issues and provide status of respective activities. The overall timeline schedule will be a key tool in helping the team identify potential jeopardy situations, which may require upper management intervention to resolve. The Product Manager submits a weekly tracking report for the development of Long-Term Shared Transport, which the Merger Compliance Group uses to monitor internal milestones and to highlight potential jeopardy items.

Carrier complaints associated with Ameritech's offering of shared transport will be addressed through the normal internal channels. For complaints that come through the Special Markets unit, the CLEC Account Management team will work directly with the Product Team to resolve the TC's concerns or complaints. For informal and formal complaints evolving out of commission proceedings, the state or federal regulatory organization will work with the Product Team to address and resolve any such complaints as appropriate.

In addition, SBC/Ameritech had available an escalation process that is described on its two CLEC websites and is thus, available to all CLECs. Specific work groups are identified, responsible individuals are named, and telephone numbers

are available for escalating issues. Any CLEC can take advantage of these escalation processes at any time.

#### 5. Documentation

Unbundled Local Switching with Shared Transport documentation includes the following:

**Documentation Table**

Condition	Paragraph	Description of Document	Date Available
19	55	Network M&P updated and issued	8/5/99
19	55	Email notification to Service Center	8/6/99
19	55	Letter to FCC withdrawing separate transit service rate proposal	9/1/99
19	55	Illinois ULS-IST Tariff filing	9/21/99
19	55	Michigan ULS-IST Tariff filing	9/29/99
19	55	Contract amendment on TCNet	10/6/99
19	55	TCNet user guide update posting	10/6/99
19	55	Letter filed with the FCC Secretary by Charles Foster	10/6/99
19	55	Merger Conditions announcement on TCNet (introducing ULS-IST)	10/8/99

#### Section 4: Corrective Action

No corrective actions were required in 1999 for this Merger Condition.

**Condition Number: 20****Condition Name: Access to Cabling in Multi-Unit Properties****Section 1: Summary**

Condition 20 requires SBC/Ameritech to conduct trials in five cities with interested Competitive Local Exchange Carriers ("CLECs"). At the conclusion of the trial, SBC/Ameritech will negotiate interconnection agreements with the CLEC community for access to cabling that SBC/Ameritech owns and controls in multi-tenant properties. In addition, SBC/Ameritech must provide written notice to developers/property owners seeking their permission to build a single point of interconnection. All actions required for this Merger Condition in 1999 have been met.

**Section 2: Person Responsible**

Name	Title
Van Taylor	Senior Vice President – Network Services Staff

**Section 3: Implementation of Condition****1. Compliance****Paragraph 57**

Customer notices announcing SBC/Ameritech's plans to fulfil this Merger Condition were made available to the CLEC community on October 18, 1999. Interested CLECs were asked to reply within three weeks.

Ten CLECs responded to the Accessible Letter. Three CLECs, having met the requirements contained in the customer notice, were initially selected as trial partners. During the 4<sup>th</sup> quarter of 1999, meetings were held with these interested facilities-based CLECs. SBC/Ameritech requested that these CLECs provide the addresses of the properties they wished to have reconfigured to provide a single point of interconnection. Although, as of year-end, 1999, no addresses for properties had been received, SBC/Ameritech continues to seek participation from interested CLECs.

**Paragraph 58:**

As indicated in the Summary Statement, SBC/Ameritech was in full compliance with this requirement. The commitment, to build a single point of interconnection when property owners or other parties own/maintain the cabling beyond the single point of interconnection, was offered to all property owners/developers since the Merger Close Date of October 8, 1999. Methods and Procedures ("M&Ps") were written specifically to address the requirements of this Condition and these M&Ps have been covered with all SBC/Ameritech outside plant engineers ("OSPEs"). (OSPEs are responsible for initiating the work requests on behalf of the property owners/developers.)



In addition, SBC/Ameritech sent a letter to the owner/developer of all new and newly renovated multi-tenant properties. This letter provided the property owner with the option to place the single point of interconnection so that other carriers have access to the cabling within the property. This offering is contingent upon the property owner or third party owning and controlling the cabling beyond the single point of interconnection.

Finally, at the conclusion of each quarter, beginning with the 4<sup>th</sup> Quarter of 1999, all SBC/Ameritech Outside Plant Engineering Units/Regions were required to positively report the number of responses to the owner/developer letter. Those responses were accumulated in a Corporate Report that was prepared at the end of the month following the close of the quarter.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Complete
20	58	Required all OSP Engineers to send letters to developers on all projects engineered on or after 10/8/99	10/8/99	Ongoing & in compliance
20	57	Customer notice posted	10/18/99	10/18/99
20	57	Reviewed requests & selected proposed trial partners	11/17/99	11/17/99
20	57	Notified prospective trial partners	12/8/99	12/8/99
20	58	Prepared Compliance Reporting Procedures	10/18/99	10/1/99
20	58	Required all OSP Engineers to complete the Annual Compliance Review immediately after training	10/21/99	10/21/99

## 2. Methods and Procedures

As described above, the following M&P was established to comply with the Condition requirements:

**Methods and Procedures Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
20	58	Issue SBC MTE Access Point Policy issues	10/25/99	10/11/99

## 3. Training

The following training took place in 1999 to ensure SBC/Ameritech's OSPs would be knowledgeable of the Merger Condition and the recently created M&P. Similar additional training is planned in 2000.

### Training Table

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
20	58	OSPES (released this practice and trained <u>all</u> OSPES)	Explain the Condition, the new procedures, the reporting and compliance requirements.	Via conference calls to Area Managers and/or followed up by unit meetings with OSPES.	10/13/99 – 10/22/99

#### 4. Internal Controls

##### Paragraph 57:

Once the customer notice was provided, SBC/Ameritech established a number of internal control points to help ensure that eligible CLECs were provided with additional information and encouraged to participate in the trial:

- Verified that the customer notice was available on each Company's CLEC website on October 18, 1999.
- Held an internal meeting on November 17, 1999 with the respective Account Managers for all CLECs who responded to the website. The purpose of the meeting was to ensure that all prospective trial partners were facilities-based CLECs.
- Requested that each Account Manager interview the prospective trial partners (those who had responded by November 17, 1999 and were facility-based CLECs), to ensure that the CLECs were fully aware of the goals and timelines. All such contacts were made between December 3 and December 8, 1999.

##### Paragraph 58:

- Prepared Compliance Reporting Procedures on October 1, 1999 and included those in the MTE Policy.
- Reviewed 4<sup>th</sup> quarter reports, which detailed the responses to the letters, sent to the owners/developers.

#### 5. Documentation:

### Documentation Table

Condition	Paragraph	Description of Document	Date Available
20	57	Customer notice	10/18/99
20	58	SBC Multi Tenant Environment ("MTE") Access Point Policy	10/11/99
20	58	Letters to Developers	10/18/99 to 12/31/99

### Section 4. Corrective Action

Controls were in place to ensure ongoing compliance. All commitments required by the end of the 4<sup>th</sup> Quarter, 1999, were successfully met, and therefore, no corrective actions were initiated.

**Condition Number: 21****Condition Name: Out-of-Territory Competitive Entry  
(National-Local Strategy)****Section 1: Summary**

Paragraph 59 requires SBC/Ameritech entities to offer local services in out-of-territory markets on a specified schedule with detailed facilities-based requirements.

No commitments for this Condition were due in 1999. However, as detailed in Section 3, negotiations for interconnection agreements and state certification activity began in 1999.

In order to help meet our Out-of-Territory Competitive Entry (National-Local Strategy) Merger Condition, an orientation/training session was initiated in November of 1999 to explain the Out-of-Territory Competitive Entry (National-Local Strategy) Merger Conditions and requirements to SBC Telecom, Inc employees, and other support personnel assisting the Out-of-Territory implementation efforts.

Also, during the third quarter of 1999, SBC Telecom subject matter experts for Network, Planning and Customer Care began drafting Methods and Procedures in preparation for market launch.

**Section 2: Person Responsible**

Name	Title
Ron Blake	President – SBC Telecom, Inc

**Section 3: Implementation of Condition****1 Compliance**

No commitments for this Condition were due in 1999. However, negotiations for four interconnection agreements began in 1999, and one agreement in the State of Washington was approved on December 29, 1999. In January 2000, three additional agreements were filed for approval in Washington, Massachusetts, and Florida.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
21	59	Interconnection Agreement - Washington	N/A	10/29/99

### State Certification Table\*

Condition	Paragraph	Milestone	Date Filed / Approved
21	59	Arizona	12/16/99 - Filed
21	59	District of Columbia	12/23/99 – Approved
21	59	Florida	6/25/99 – Approved
21	59	Massachusetts	5/16/99 - Approved
21	59	Maryland	12/20/99 – Filed
21	59	Minnesota	12/23/99 – Filed
21	59	New Hampshire	12/17/99 – Filed
21	59	New Jersey	12/17/99 – Filed
21	59	New York	12/30/99 – Filed
21	59	Pennsylvania	12/23/99 – Filed
21	59	Utah	12/16/99 – Filed
21	59	Virginia	12/3/99 – Approved
21	59	Washington	5/12/99 - Approved

\* All certification filings are in preparation for out-of-territory entry in these jurisdictions.

#### 2. Methods and Procedures

During the third quarter of 1999, SBC Telecom subject matter experts for Network, Planning and Customer Care began drafting Methods and Procedures in preparation for market launch. These Methods and Procedures are still under development.

#### 3. Training

An orientation/training session was held to explain the Out-of-Territory Competitive Entry (National-Local Strategy) Merger Conditions and requirements to SBC Telecom, Inc employees, including all support personnel assisting the Out-of-Territory implementation efforts. During this session, portions of the existing employee body were trained on the merger commitments. The remaining employees, as well as new employees joining the SBC Telecom team, will be covered in additional orientation/training sessions coordinated by the Human Resource Organization.

### Training Table

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
21	59	SBC Telecom, Inc. employees and extended teams	Merger Condition requirements	Orientation Session	11/11/99

#### 4. Internal Controls

Internal controls are under development.

#### 5. Documentation

Documentation to establish compliance will be retained.

### Documentation Table

Condition	Paragraph	Description of Document	Date Available
21	59	Interconnection Agreement - Washington	12/29/99

### Section 4: Corrective Action

There were no incidents causing the need for corrective action in 1999.

**Condition Number: 22**  
**Condition Name: InterLATA Pricing**

**Section 1: Summary**

All commitments necessary to meet this Condition in 1999 were met in 1999. Paragraph 60 requires SBC/Ameritech to refrain from implementing mandatory minimum monthly or flat rate charges for interLATA calls. The actions discussed below represent processes and activities performed in 1999 to meet future requirements.

The Southern New England Telephone Company ("SNET") operates wireline interLATA long distance services. SNET has provided documentation that demonstrates that it is in full compliance with the provisions of this Condition.

An evaluation of existing methods and procedures ("M&P") was conducted in 1999 and it was determined that no new M&Ps were needed. Implementation procedures to ensure that we meet this Condition as other entities of SBC/Ameritech are allowed to offer interLATA services were also investigated. SBC/Ameritech reviewed the Condition and assigned responsibility for its management to a team leader, and, in some instances, sub-team leaders. Each leader was assigned the responsibility of managing/informing a specific area of the business involved with the implementation of this Condition.

**Section 2: Person Responsible**

Name	Title
Dave Gallemore	EVP–Strategic Marketing

**Section 3: Implementation of Condition**

1. Compliance:

All commitments required in 1999 for this Condition were met in 1999.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
22	60	Ensure Pricing "Guidelines" are in effect	10/8/99 for SNET	10/8/99

SNET was in full compliance with the provisions of this Condition as of the MCD. SBC/Ameritech entities other than SNET have not yet begun to offer interLATA services.

2. Methods and Procedures:

No new M&Ps were required in 1999.

### 3. Training:

To meet this Condition, SNET conducted overview sessions with employees involved in the implementation and delivery of InterLATA service. Assessments were performed to identify the notification procedures required to meet future milestones.

Since this Condition has not been triggered for other entities within SBC/Ameritech, no additional training was required.

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
22	60	Employees involved in InterLATA Service Delivery	Awareness of Condition	Overview Session	4 <sup>th</sup> Qtr, 1999

### 4. Internal Controls

Sub-team leaders were identified for both in-region and out-of-region interLATA entry status. Each leader was assigned the responsibility of monitoring/informing those SBC/Ameritech organizations involved with interLATA entry.

### 5. Documentation

An SBC/Ameritech Officer has signed an attestation letter regarding compliance.

**Documentation Table**

Condition	Paragraph	Description of Document	Date Available
22	60	Attestation Letter for SNET	9/10/1999

## Section 4: Corrective Action

All commitments for this Condition were met in 1999 and therefore no corrective actions were required.

**Condition Number: 23****Condition Name: Enhanced Lifeline Plans****Section 1: Summary**

Condition 23 requires that not later than 30 days after the MCD, SBC/Ameritech shall offer by letter to the appropriate state commission in the SBC and Ameritech States (except Ohio) to file a tariff for an Enhanced Lifeline plan in the SBC/Ameritech Service Area within that state. The terms and conditions offered by SBC/Ameritech are to be comparable to the terms and conditions of the Ohio Universal Service Assistance ("USA") Lifeline plan set forth in Ameritech Ohio's Alternative Regulation Plan, as in effect on the MCD, in the areas of subscriber eligibility, discounts, and eligible services.

In 1999, SBC/Ameritech met all its commitments for Condition 23 for Enhanced Lifeline services. In addition, SBC/Ameritech formed a cross-functional team to begin addressing methods and procedures, billing changes, marketing, tariffs, and any other analysis or work that must be done to meet the future commitments of Condition 23. As of December 31, 1999, no state had accepted the Enhanced Lifeline offer.

**Section 2: Person Responsible**

Name	Title
James Shelly	President SBC Regulatory Strategy

**Section 3: Implementation of Condition****1. Compliance**

SBC/Ameritech filed letters on or before November 5, 1999, with each of its 12 state commissions (all states except Ohio) offering the new Enhanced Lifeline plan for a period of 36 months following the effective date of the initial tariff implementing the service. (See table below.) On November 5, 1999, SBC/Ameritech also filed a letter with the Ohio commission offering to extend the existing Ohio USA Lifeline plan through January 6, 2003. Copies of SBC/Ameritech's offer letters have been filed with the Secretary of the Commission.

SBC/Ameritech performed an analysis of the requirements of both the current Ohio USA Lifeline plan and Paragraph 61 of the Merger Conditions. As required by the Merger Conditions, SBC/Ameritech developed a new Enhanced Lifeline offer that is comparable in terms and conditions to the Ohio Universal Service Assistance ("USA") Lifeline plan in the areas of subscriber eligibility, discounts, and eligible services.

The new Enhanced Lifeline offer included a discount equal to the price of the basic measured rate service (i.e., access to the network not including any local



usage) up to a maximum of \$10.20 per month (including all applicable Federal, State, and SBC/Ameritech contributions). Where the monthly access service also includes usage, SBC/Ameritech estimated the price of the network access (without usage) by using a percentage based on its underlying costs.

As of December 31, 1999, no state had accepted the Enhanced Lifeline offer. California rejected the offer by letter dated December 21, 1999. Connecticut opened a docket to receive public comments on the Enhanced Lifeline plan on December 21, 1999.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
23	61	Filed offer letters with state commissions: Arkansas, Indiana, Nevada	11/8/99	11/4/99
23	61	Filed offer letters with state commissions: California, Connecticut, Kansas, Illinois, Michigan, Missouri, Oklahoma, Texas, Wisconsin	11/8/99	11/5/99
23	61	Offer to extend existing Ohio USA lifeline plan until 1/6/03	11/8/99	11/5/99
23	61	Determined estimated price of measured service	11/8/99	11/8/99
23	61	Filed copies of written offer letters with FCC	N/A	11/24/99

## 2. Methods and Procedures

An internal implementation core team was formed and reviewed all commitments associated with the Enhanced Lifeline plan in accordance with the Merger Conditions. The core team was comprised of representatives for the 13 states with responsibility for product management, information systems, consumer marketing, billing, regulatory, credits and collection, resource management, solution design and architecture, and business process improvements. The core team developed a process to establish methods and procedures to carry out the various Enhanced Lifeline commitments. This process will result in documentation which will describe the internal requirements that will drive implementation work, including billing systems work and methods and procedures. Regular "walk-through" core team meetings were held to review requirements to ensure all obligations are being satisfied as well as to address any open operational issues that develop.

Internal documentation created by the core team in 1999 will be used to develop methods and procedures to implement the new Enhanced Lifeline service. New methods and procedures will be appropriately incorporated with those already in place for existing Lifeline plan(s) in each state. Incorporation of methods and procedures for the new Enhanced Lifeline plan helps to ensure that service

representatives and field personnel offer Enhanced Lifeline as an option to qualifying prospective customers as is done today for existing Lifeline plans.

### 3. Training

In addition to the development of methods and procedures to implement the Enhanced Lifeline plan, corresponding training plans will also be developed to train service representatives and field personnel. All personnel currently involved in providing existing Lifeline plans will be trained on Enhanced Lifeline as appropriate.

When a SBC/Ameritech state commission accepts the Enhanced Lifeline offer, the obligations under the Merger Conditions will be set forth in tariffs, which will be filed with the relevant state commission. The terms, conditions, practices, employee training, notices and procedures for any such Enhanced Lifeline plan will be accomplished the same way as for any other service offering that is authorized and regulated by that state commission.

### 4. Internal Controls

The conditions of the Enhanced Lifeline offering will be set forth in the SBC/Ameritech regulated service offerings as state commissions accept the offer. Discount rates and conditions that affect them will be built into the billing systems, along with appropriate commands which control how and when the discounts are applied. Publicity plans for promoting Enhanced Lifeline will be developed based on the acceptance of the plan in each state. Progress in attaining the commitments of Condition 23 will be reviewed by the Regulatory organization. The Merger Compliance Group provides an internal check on the progress of the Condition status.

### 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Date Available
23	61	Letters offering Enhanced Lifeline plan to state commissions:	
		Arkansas, Indiana, Nevada	11/4/99
		California, Connecticut, Kansas, Illinois, Michigan, Missouri, Oklahoma, Texas, Wisconsin	11/5/99
23	61	Letter to Ohio offering to expand existing USA Lifeline plan until 1/6/03	11/5/99
23	61	Letter to Secretary of FCC filing copies of all thirteen offer letters	11/24/99
23	61	California PUC rejection letter	12/21/99

## Section 4: Corrective Action

Sufficient controls were in place such that no corrective action was taken in 1999.

**Condition Number: Condition 24****Condition Name: Additional Service Quality Reporting****Section 1: Summary**

All commitments for this Condition required to be completed in 1999 were met. Condition 24 requires SBC to establish service quality performance measures consistent with NARUC guidelines and ARMIS 43-05 reporting requirements. During 1999, an ad hoc committee was created to specify requirements, define data elements, and design and publish final reports for Commission review.

On August 26, 1999, a team of subject matter experts ("SMEs") was assembled in St. Louis to develop a plan to define the NARUC & ARMIS 43-05 requirements for Condition 24. The team's goals for this meeting, detailed in Section 3 of this document, were all met within the timeframes required in order to satisfy compliance.

A meeting was held with the Commission staff and select team members on November 31, 1999 to discuss the progress of the team and to provide a template to the Commission. The results of the meeting were positive and are detailed in Section 3 of this document. The outcome supported compliance within the required timeframes.

**Section 2: Person Responsible**

Name	Title
Van Taylor	Senior VP – Network Services Staff

**Section 3: Implementation of Condition****1. Compliance**

Adequate representation was achieved on the project management team by assigning network service quality reporting subject matter experts from Pacific Bell Telephone Company, Nevada Bell Telephone Company, Ameritech, Southwestern Bell Telephone Company and the Southern New England Telephone Company.

The team met the following goals at its August 26, 1999 team meeting in St. Louis:

- Identify ongoing team members
- Determine methodology for defining the NARUC "White Paper"
- Develop data definitions & business rules (Data Definition Glossary)
- Implement a shared drive for all team members to use and share data
- Develop timelines based upon specified completion dates (i.e. first report due 90 days after MCD).

- Produce a sample month of data to determine the validity and parity of data from the different SBC companies
- Develop a mechanization program for Ameritech to input data to efficiently create the NARUC & ARMIS reports

The subsequent meeting with the Commission staff in November 1999, established procedures for:

- Acceptance of the team's spreadsheet format by the Commission
- Provision of a data glossary with reports to the Commission
- Confirmation of website for reports and electronic filing with Commission
- Clarifications on how the team defined the NARUC measurements using ARMIS definitions

The team produced detailed definitions of the individual fields outlined in the white paper to insure that a service quality report was developed with uniformity and accuracy across the five companies. The white paper did not provide explicit definitions for each field; therefore the team designed a glossary using ARMIS 43-05 definitions to define the NARUC individual data fields. As much as possible, the team tried to model the fields after existing ARMIS 43-05 reports to insure consistency between the two reports and to reduce reporting burdens.

The team set up processes to insure the consistent and timely submission of data to the Commission by installing multiple checkpoints into the report generation process.

Where possible, the reports have been mechanized to further insure accurate reporting. Ameritech developed a mechanization program to eliminate duplication of effort by inputting data directly into both ARMIS 43-05 and NARUC. Once the data is collected, the program calculates and generates the ARMIS and NARUC reports. Ameritech's mechanization effort provides an example of eliminating human error and reducing reporting burdens. Business rules for all companies' data calculation and data sources are kept on the shared drive.

In addition to the NARUC service quality quarterly report, the team established mechanisms to provide an ARMIS 43-05 Table 1 on a quarterly basis in the future. This details service quality measures provided to inter-exchange carriers. The ARMIS 43-05 Table 1 will be included as an additional sheet in the NARUC service quality report. It will be submitted to the Commission along with the NARUC service quality report, and both will be posted on the website no later than 50 days after the end of each quarter for a period of three years.

### Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
24	62 & 63	3Q1999 NARUC/ARMIS paper reports and e-mail with data	1/6/00	12/23/99
24	62 & 63	Report On website	1/6/00	12/17/99
24	62 & 63	4 <sup>th</sup> qtr 99 NARUC/ARMIS electronic CD transmittal	2/21/00	2/22/00
24	62 & 63	Report On website	2/21/00	2/22/00

The SBC website is: <https://clec.sbc.com/clechb/unrestr/custguide/>

### 2. Methods and Procedures

The Commission Guidelines for ARMIS reporting, the NARUC “White Paper”, NARUC Service Quality Glossary, and the internal analysis spreadsheet used to determine rational reporting by the five companies served as the Methods and Procedures, and these will continue to be the M&Ps used by this team in the future.

### Methods & Procedures Table

Condition	Paragraph	Milestone	Due Date	Date Completed
24	62 & 63	Data Glossary	12/99	12/99
24	62 & 63	Analysis Spreadsheet	12/99	12/99

### 3. Training

Much of the training needed for the work efforts to satisfy compliance has already been satisfied based upon the prior experience and knowledge of the SMEs who are already performing the ARMIS data functions. The current organizations involved with this project have Customer Service Quality (“CSQ”), Executive Complaints, and ARMIS reporting functions. Since the Commission has already defined the ARMIS terms and data definitions for each line in ARMIS reports, the team adopted the same practices for this project.

The team used the Commission guidelines to continue the ARMIS 43-05 report and to define the line data not defined by the NARUC white paper. The team members trained the employees in the respective five regional LECs who are responsible for pulling the data required by the NARUC and ARMIS service quality reports.

### Training Table

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
24	62 & 63	Team Members	ARMIS rules & NARUC "White Paper", Data Glossary	Merger Documents	8/99

#### 4. Internal Controls

- A shared drive has been created so that all team members can make data comparisons on an ongoing basis.
- At the end of the quarter, completed reports will be sent to the Team Facilitator and the regulatory representative for further scrutiny. At this time, the data is compared throughout the five companies to identify any disparities in the data.
- The data will be compared to previous ARMIS reports and previous NARUC reports to insure further consistency among the reports.
- Internal submissions by each of the 5 companies for the reports for their respective states are required 40 days after the end of the quarter. This allows a 10-day interval to check data quality and correct any errors.
- Before the reports are sent to the Commission, they are checked and signed by the Network Presidents responsible for the field LEC network operations organizations in each company.
- After a review by the SBC Legal Staff, each report is submitted electronically (via email) to the Commission (as requested by the Commission) and posted on the website.

#### 5. Documentation

In accordance with all timelines, documents were initially submitted to the Commission on December 23, 1999. These documents included a glossary to provide clarity. Service quality results were reported ahead of their January 6, 2000 due date and included California and Nevada (April 6, 2000).

### Documentation Table

Condition	Paragraph	Description of Document	Date Available
24	62 & 63	NARUC "White Paper"	8/99
24	62 & 63	ARMIS 43-05 Data Definitions	8/99
24	62 & 63	NARUC Data Definition	12/99
24	62 & 63	Notification letter to CCB transmitting paper reports with NARUC/ARMIS data	12/23/99
24	62 & 63	E-mail from Marian Dyer to CCB providing NARUC/ARMIS data	12/23/99

**Section 4: Corrective Action**

The Senior Vice President – Network Services Staff will be responsible for correcting any data discrepancies from the respective companies. Sufficient controls were in place in 1999 such that no corrective actions were required.

Any issues identified by the Commission, or outside compliance team personnel, will be resolved with respect to the format and validity of the data. An example of a format change requested from the Commission Staff in 1999 was a request to provide monthly details rather than quarterly summaries of the data. This change has now been made and is reflected in the posted data.

**Condition Number: Condition 25**  
**Condition Name: NRIC Participation**

**Section 1: Summary**

Condition 25 requires that SBC/Ameritech continue to participate in the Network Reliability and Interoperability Council ("NRIC"). All commitments for this Condition required in 1999 were met in 1999. Details of the one 1999 NRIC meeting occurring after the MCD are provided below.

**Section 2: Person Responsible**

Name	Title
Van Taylor	Senior VP – Network Services Staff

Prior to Mr. Taylor's appointment to this responsibility, the Senior Vice President – Network Planning and Engineering was responsible for compliance with Condition 25 during 1999.

**Section 3: Implementation of Condition**

**1. Compliance**

During the period between the MCD and December 31, 1999, the NRIC had one meeting, NRIC IV. This meeting, the fifth in a series since October 1998, was held at the Commission's headquarters in Washington, D.C. and was attended by SBC/Ameritech representatives. SBC was represented at this meeting by Gene Chiappetta (SNET) and Joe Luby (Ameritech).

The Council reviewed status reports from Focus Groups 1 and 2 on Y2K readiness and test results of intercarrier and supplier contingency planning. Focus Group 3 presented status on network reliability, and the Network Reliability Steering Committee presented its quarterly report.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
25	64	Meeting Participation	10/14/99	10/14/99

**2. Methods and Procedures**

No M&Ps were required for the implementation of this Merger Condition. Individuals required to attend NRIC meetings on behalf of SBC have been informed of their responsibilities and they will continue to participate in the future.

**3. Training**

No special training for the Condition was required. Individuals responsible for attending have been informed of their responsibilities.



#### 4. Internal Controls

Because of ongoing participation in quarterly NRIC meetings, SBC representatives were aware of upcoming meetings, including the October 14, 1999, meeting. Plans were made by the meeting participants to insure their availability and have a backup representative available should the need have arisen.

#### 5. Documentation

**Documentation Table**

<b>Condition</b>	<b>Paragraph</b>	<b>Description of Document</b>	<b>Date Available</b>
25	64	Letter filed with FCC Secretary by Charles Foster committing to continued participation	10/6/99
25	64	Participant's Meeting Minutes	10/14/99

#### **Section 4: Corrective Action**

All commitments were met; no corrective action has been taken or is required.

**Condition Number: 26****Condition Name: Compliance Program****Section 1: Summary**

Condition 26 requires SBC/Ameritech to have a Corporate Compliance Officer and to provide a plan to the Commission explaining how they will implement Merger Conditions. An annual report is also required.

All commitments for this Condition required in 1999 were met in 1999; a Corporate Compliance Officer was appointed, the Audit Committee of the SBC Board of Directors was assigned to oversee compliance activity, and the Merger Conditions Plan was filed on December 6, 1999. In addition, the Merger Compliance Group established internal controls, training plans and reports to help ensure continued compliance with the Plan.

**Section 2: Person Responsible**

Name	Title
Mary Tudela	Senior Vice President - SBC Compliance

**Section 3: Implementation of Condition****1. Compliance****Paragraph 65a:**

The SBC Board of Directors appointed Mr. Charles Foster, Group President – SBC, to serve as the Corporate Compliance Officer and assigned oversight responsibility to the Board's Audit Committee. Mr. Charles Foster, in turn, delegated responsibility for each individual Merger Condition to an officer who, as Team Leader responsible for the Condition, is personally accountable for ensuring full compliance with that Condition. Together, Mr. Charles Foster and the Team Leaders constituted an Executive Compliance Group that met or conferred by conference call on a weekly basis to discuss the status of compliance activities. Each Team Leader was not only responsible for implementing the Conditions but for notifying Mr. Charles Foster of resource needs and potential problems that could, if not resolved, result in delayed compliance. Mr. Charles Foster addressed issues raised by the Executive Compliance Group, the Merger Compliance Group, and other concerns directly with the responsible officers as needed.

The first step toward achieving compliance was to review the Merger Conditions document, identify requirements and deadlines established in the Conditions, and assign responsibilities to the appropriate officers. Responsibility was delegated to identify the requirements and develop a single merger compliance tracking timeline that would enable the Corporate Compliance Officer to ensure that all requirements and deadlines were covered.

As noted above, responsibility for long-term compliance administration has been assigned to Ms. Mary Tudela, Senior Vice President – SBC Compliance. Ms. Tudela began to assemble a compliance staff to perform administrative tasks such as supporting state interfaces with all applicable regulatory commissions and tracking compliance with all Conditions. The staff also assess performance measurement results and provide compliance support activities such as audit planning and coordination, remedy management, correspondence, and training support. These activities are primarily administrative functions. Each officer remains fully responsible for all compliance activities associated with the Conditions assigned to that officer, including implementation, training, and continued compliance. Each business unit was also responsible for compliance by its personnel with all Conditions impacting the unit.

In addition to the ongoing management of meeting Merger Condition requirements, Mr. Charles Foster, as required, met with the SBC Audit Committee and provided them with an update on SBC/Ameritech's progress in meeting Merger Conditions.

Paragraph 65b:

Every officer was directed to prepare a Team Compliance Plan for their assigned Conditions explaining how they will achieve initial and ongoing compliance. The Corporate Compliance Officer and his staff reviewed these plans, and any deficiencies in the plans were referred to the Team Leader for corrective action. The completed Plan was provided to the Commission on December 6, 1999. Based on comments received from the Commission staff, revisions to the Plan were undertaken and will be provided to the Commission.

To ensure that training and documentation requirements, as well as initial implementation requirements, were met, each Team Leader was directed to appoint a training coordinator and records retention coordinator, and these coordinators were identified in the Team Plans. To ensure that merger-related complaints are appropriately tracked and managed, each business unit will be directed to appoint a complaint coordinator.

Paragraph 65c:

The annual report provisions, as outlined in paragraph 65c of the Merger Conditions, are due in 2000. No actions were required to meet this Condition in 1999.

**Compliance Table**

Condition	Paragraph	Milestone	Due Date	Date Completed
26	65	Board approves appointment of a Corporate Compliance Officer	Merger Close Date	9/24/99

Condition	Paragraph	Milestone	Due Date	Date Completed
26	65	Ensure the Audit Committee of the SBC Board of Directors oversees Corporate Compliance Officer's fulfillment of responsibilities	Merger Close Date	9/24/99
26	65	Review Compliance progress with the Audit Committee of the SBC Board of Directors	N/A	11/19/99
26	65	Submit Compliance Plan to Anthony Dale of the CCB with request for confidential treatment	12/7/99	12/6/99
26	65	Letter filed with the Secretary of the FCC by Marian Dyer	12/6/99	12/6/99

## 2. Methods and Procedures

No additional methods and procedures were required to ensure initial or ongoing compliance with this Condition. Individuals responsible for managing compliance with the Condition were informed of their responsibilities.

## 3. Training

The Merger Compliance Group managed this Condition. As such, the Staff advised officers and other key people involved in meeting SBC/Ameritech's responsibilities in 1999. These key individuals assisted in helping meet our commitments for compliance shown above, including the appointment of an officer, the involvement of the SBC Audit Committee, and the completion of the merger plan.

**Training Table**

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
26	65	Team Leads / Officers	Review of specific Conditions and compliance requirements, as needed	Conference calls by Charles Foster each week	Ongoing

## 4. Internal Controls

An overall plan showing key milestones was established to ensure that compliance dates were met. This plan is being monitored on a weekly basis. The Merger Compliance Group will, with support from SBC Audit Services as needed, continuously monitor the activities of the Compliance Teams. In addition, the Merger Compliance Group will review deliverables and documents to confirm that compliance has been achieved. Further, the Merger Compliance Group may conduct its own audits or request SBC Audit Services to conduct audits as

required to verify compliance with those requirements (e.g., nondiscrimination requirements) in which compliance cannot be ascertained by examining deliverables.

Channels have been established to permit personnel to report anonymously, through the SBC/Ameritech Ethics Line, any suspected violations of the Merger Conditions. These reports will be investigated by Legal and tracked by the Merger Compliance Group.

The Merger Compliance Group will also track complaints, submitted to the Company or regulatory commissions, in connection with the Merger Conditions. Ms. Tudela will be responsible for ensuring that such complaints are appropriately handled and required actions, including timely responses to complainants and corrective action if necessary, are taken.

#### 5. Documentation

**Documentation Table**

Condition	Paragraph	Description of Document	Date Available
26	65	Documentation relating to the appointment of Charles Foster as the Corporate Compliance Officer	9/24/99
26	65	Documents relating to the appointment of the Audit Committee of SBC's Board of Directors as the oversight body	9/24/99
26	65	Documents relating to reports Charles Foster has made to the Audit Committee	11/19/99
26	65	Merger Compliance Plan	12/6/99
26	65	Letter filed with the Secretary of FCC by Marian Dyer	12/6/99

#### **Section 4: Corrective Action**

All commitments required in 1999 were met. Sufficient controls were in place such that no corrective actions were required in 1999.

**Condition Number: 27****Condition Name: Independent Auditor****Section 1: Summary**

Condition 27 requires SBC/Ameritech to engage an independent auditor to annually review its compliance with all Conditions. The audit will provide a thorough and systematic evaluation of SBC/Ameritech's compliance with the Conditions and determine the adequacy of the internal controls. The Condition also calls for SBC/Ameritech to select an auditor to review SBC/Ameritech's compliance activities related to establishing and operating an Advanced Services affiliate. Both audits are due September 1, 2000.

All commitments for this Condition required to be completed in 1999 were achieved. An independent auditor was selected and was deemed acceptable by the Commission. In addition, a preliminary audit program was submitted to the Commission for their review.

**Section 2: Person Responsible**

Name	Title
Mary Tudela	Senior Vice President - SBC Compliance

**Section 3: Implementation of Condition****1. Compliance**Paragraph 66-67

SBC/Ameritech retained the independent auditors Ernst & Young LLP ("E&Y") for the required audits. During the prior 24 months, E&Y had not been instrumental in designing all or substantially all of the systems and processes under review in the audit, viewed as a whole, as required by this Condition.

The independent auditor is aware of, and responsible for, fulfilling their duties under Condition 27 and the audit engagements. Consultations with the Accounting Safeguards Division Audit Staff have occurred and were coordinated by the Washington, D.C. office of SBC Communications Inc..

Ms. Mary Tudela, Senior Vice President - SBC Compliance, will provide audit support within her organization. She will be responsible for ensuring that audit plans and audit reports are completed according to this Merger Condition. She will also ensure that the independent auditor will have access to books, records and customers as appropriate.

### Compliance Table

Condition	Paragraph	Milestone	Due Date	Date Completed
27	66-67	Obtain auditor acceptance from the FCC	10/8/99	8/24/99
27	66-67	Engage an auditor	10/8/99	9/7/99
27	66-67	Submit preliminary annual audit program	11/22/99	11/12/99
27	66-67	Agreed upon procedures audit program complete	1/6/00	On target to complete 1/6/00

#### 2. Methods and Procedures

Individual Condition owners put in place document retention practices to assist in meeting the requirements of this Condition

#### 3. Training

The Executive Compliance Group was directed to give appropriate instructions to all applicable personnel concerning cooperation with the independent auditors.

### Training Table

Condition	Paragraph	Target Audience	Training Message	Delivery Method	Date
27	66-67	Officers	Compliance with audit program	Conference calls	Monday calls with Charles Foster

#### 4. Internal Controls

In 1999, the requirements for this Condition were monitored on a regular basis through the weekly calls with the Executive Compliance Group and the updating and monitoring of an internal tracking report.

#### 5. Documentation

### Documentation Table

Condition	Paragraph	Description of Document	Date Available
27	66-67	Letter from FCC approving of auditor	8/29/99
27	66-67	Engagement letter with external auditor	9/7/99
27	66-67	Letter filed with FCC Secretary by Charles Foster	10/6/99
27	66-67	Annual audit program	11/21/99
27	66-67	Letter to Anthony Dale, CCB from Martin Grambow	11/23/99
27	66-67	Annual agreed upon procedures audit program	1/6/00

**Section 4: Corrective Action**

All commitments required in 1999 were met. Sufficient controls were in place such that no corrective actions were required in 1999.



## **Condition 28**

### **Condition Name: Enforcement**

#### **Section 1: Summary**

Condition 28 states that the enforcement and compliance programs established by these Conditions do not abrogate, supersede, limit or otherwise replace the Commission's powers under the Communications Act. The Condition also provides for voluntary payment procedures.

All commitments required to satisfy this Condition in 1999 were achieved, as there were no instances of non-compliance under which voluntary payments would have been due. Procedures are being established to ensure prompt payments, should such payments be due, in 2000.

#### **Section 2: Person Responsible**

<b>Name</b>	<b>Title</b>
Mary Tudela	Senior Vice President - SBC Compliance

#### **Section 3: Implementation of Condition**

##### **1. Compliance**

###### **Paragraph 68-73**

No voluntary payments were required in 1999 for non-compliance. If voluntary payments are late or alleged to be insufficient by the Commission, appropriate corrective actions will be taken as described below.

If violations have occurred that SBC/Ameritech believes have resulted from force majeure or acts of God, the Merger Compliance Group will collect the evidence for review by the Commission and will work with the Commission staff to resolve all issues relating to the potential violation.

The Merger Compliance Group will also establish procedures to ensure that payments are made within 10 business days of a determination by the Chief of the Common Carrier Bureau or an arbitrator that payment is due.

##### **2. Methods and Procedures**

Existing accounting and expenditure practices will be reviewed to ensure that existing payment processes and approval levels are sufficient for payment within the timeframes allotted and that voluntary payments shall be charged to the appropriate expense categories in accordance with the Merger Conditions.

Following these reviews, policies will be revised or additional practices developed, if required and as appropriate. The Merger Compliance Group will also ensure that appropriate organizations within SBC are aware of the possibility of voluntary payments and have procedures in place to notify the Merger Compliance Group if violations have occurred that may require such payments.

### 3. Training

Ms. Tudela will assure that the appropriate personnel within the Merger Compliance Group receive appropriate training so as to ensure understanding and timeliness of the voluntary payment requirements and process. No less than annually, the Merger Compliance Group will review payment requirements and procedures as described in this Condition.

### 4. Internal Controls

Actual voluntary payment dates and amounts will be tracked and compared to a list of required payments and their payment dates. Should a payment be made late, Ms. Tudela will be notified and appropriate corrective actions will be taken depending on the facts surrounding the late payments (See Corrective Actions below)

### 5. Documentation

As there were no voluntary payments in 1999, no documents were developed. Appropriate documentation will be maintained if voluntary payments are made in the future.

## **Section 4: Corrective Action**

No voluntary payments were required in 1999 for non-compliance. If voluntary payments are late or alleged to be insufficient by the Commission, appropriate corrective actions will be taken, including:

- Retraining business organizations about reporting violations
- Retraining compliance staff on tracking procedures
- Reviewing and or revising any practices
- Disciplinary action if required

**Condition Number: 29**  
**Condition Name: Sunset**

**Section 1: Summary**

This Condition generally provides that all Conditions shall cease to be effective, and shall no longer bind SBC/Ameritech in any respect, 36 months after the Merger Close Date ("MCD"). Condition 29 recognizes four principal exceptions to the "MCD + 36 months" rule: (a) instances where other termination dates are specifically established, (b) Conditions requiring SBC/Ameritech to provide Advanced Services through one or more separate affiliates, (c) Conditions which become effective or operational sometime after the Merger Closing Date, and (d) Conditions whose duration is extended for non-compliance in accordance with Paragraph 69 of the Conditions.

All Merger Conditions remained in effect at the end of 1999 and all Merger Conditions will be presumed to remain in effect until the Corporate Compliance Officer has received confirmation from the Legal Department that specific Conditions have expired.

All business units and other work groups shall continue compliance with each Condition until notified by the Corporate Compliance Officer and Legal Department that the Condition is no longer effective.

**Section 2: Person Responsible**

Name	Title
Charles Foster	Group President – SBC

**Section 3: Implementation of Condition**

**1. Compliance**

Mr. Charles Foster will work with Mr. James Ellis (Senior Executive Vice President and General Counsel) and Mr. Paul Mancini (Vice President and Assistant General Counsel) in determining when the terms of any specific Merger Condition no longer apply.

All Merger Conditions, once effective, will be presumed to remain in effect. The Corporate Compliance Officer, with the assistance of Ms. Mary Tudela (Senior Vice President – SBC Compliance) and her Merger Compliance Group, will notify all necessary personnel that continued compliance with all Merger Conditions is required until specific notification that compliance is no longer required. Only the Corporate Compliance Officer, with the advice and consent of the General Counsel, may authorize a business unit or work group to discontinue compliance with any Merger Condition requirement.

No compliance target dates or milestones for this Condition occurred in 1999.

2. Methods and Procedures

None were developed in 1999. Existing Methods and Procedures should be adequate to ensure compliance with this Condition.

3. Training

No training on this Condition was needed in 1999, as all Merger Conditions remained active.

4. Internal Controls

No additional internal controls are required for compliance with this Condition.

5. Documentation

No documentation was created during 1999.

**Section 4: Corrective Action**

No corrective action was taken or necessary in 1999.

**Condition Number: 30**  
**Condition Name: Effect of Conditions**

**Section 1: Summary**

This Condition imposes no additional requirements on SBC/Ameritech but states the relationship between state law requirements and the Commission's Merger Conditions. The Condition recognizes that various offerings and initiatives contained within the Commission's Merger Conditions may substantially duplicate requirements imposed in connection with the merger under various state laws. Pursuant to Condition 30, the Merger Conditions shall supplement, but shall not be cumulative of, substantially related Conditions imposed under state law. Where both the Commission's Merger Conditions and state-imposed Conditions grant parties similar rights, parties shall not have a right to invoke the relevant terms of the Merger Conditions in given state if they have already invoked a substantially related Condition imposed on the merger under applicable state law.

The second paragraph of Condition 30 (Paragraph 76) provides that if the Commission considers a request by SBC/Ameritech for interLATA authority under 47 USC §271, the Commission shall not consider the possible expiration of any of the Merger Conditions to be a factor that would render the requested authorization inconsistent with the public interest, convenience, and necessity.

**Section 2: Person Responsible**

Name	Title
Mary Tudela	Senior Vice President – SBC Compliance

**Section 3: Implementation of Condition**

**1. Compliance**

No commitments were required for this Condition in 1999. To ensure that all requirements of the Merger Conditions and state laws are met, the Corporate Compliance Officer and his staff shall coordinate activities with the personnel responsible for compliance with state law requirements and consult with the Legal Department when issues arise concerning rights and responsibilities under overlapping provisions of the Merger Conditions and applicable state law.

**2. Methods and Procedures**

None were developed in 1999. Existing Methods and Procedures should be adequate to ensure compliance with this Condition.

**3. Training**

As there were no commitments in 1999, no specific training for the Condition was undertaken in 1999.

4. Internal Controls

No additional internal controls are required for compliance with this Condition.

5. Documentation

No documentation was created during 1999.

**Section 4: Corrective Action**

No corrective action was taken or necessary in 1999.

## Appendix FCC Merger Condition Officers

<u>Condition</u>	<u>Officer</u>
<b>Promoting Equitable and Efficient Advanced Services Deployment</b>	
1 Separate Affiliate for Advanced Services	M. Turner
A SBC Advanced Solutions, Inc. (ASI) and Ameritech Advanced Data Services, Inc. (AADS)	R. Ireland
B Network Planning and Engineering	V. Taylor
C Network Services	D. Gallemore
D Strategic Marketing	J. Stankey
2 Discounted Surrogate Line Sharing Charges	E. Glotzbach
3 Advanced Services OSS	R. Bradley
4 Access to Loop Information for Advanced Services	J. Shelley
5 Loop Conditioning Charges and Cost Studies	M. Turner
6 Non-discriminatory Rollout of xDSL Services	
<b>Ensuring Open Local Markets</b>	
7 Carrier-to-Carrier Performance Plan (Incl. Performance Measures)	M. Gilliam
8 Uniform and Enhanced OSS	E. Glotzbach
9 Restructuring OSS Charges	R. Bradley
10 OSS Assistance to Qualifying CLECs	R. Bradley
11 Collocation Compliance	R. Ireland
12 Most-Favored-Nation Provisions (Out-of-Region and In-Region)	J. Stankey
13 Multi-State Interconnection and Resale Agreements	J. Stankey
14 Carrier-to-Carrier Promotions: Unbundled Loop Discount	J. Stankey
15 Carrier-to-Carrier Promotions: Resale Discount	J. Stankey
16 Carrier-to-Carrier Promotions: UNE Platform	J. Stankey
17 Offering of UNEs	J. Stankey
18 Alternative Dispute Resolution through Mediation	J. Stankey
19 Shared Transport in Ameritech States	J. Stankey
20 Access to Cabling in Multi-Unit Properties	V. Taylor
<b>Fostering Out-of-Territory Competitive Entry - (National-Local Strategy)</b>	
21 Out-of Territory Competitive Entry (National-Local Strategy)	R. Blake
<b>Improving Residential Phone Service</b>	
22 InterLATA Services Pricing	D. Gallemore
23 Enhanced Lifeline Plans	J. Shelley
24 Additional Service Quality Reporting	V. Taylor
25 NRIC Participation	V. Taylor
<b>Ensuring Compliance with and Enforcement of These Conditions</b>	
26 Compliance Program	M. Tudela
27 Independent Auditor	M. Tudela
28 Enforcement	M. Tudela
29 Sunset	C. Foster
30 Effect of Conditions	M. Tudela

## Glossary

Acronym	Description
AADS	Ameritech Advanced Data Services
ADR	Alternate Dispute Resolution
ADSI	Advanced Data Services, Inc
AIIS	Ameritech Information Industry Service
AIT	Ameritech
ARMIS	Automated Reporting Management Information Systems
ASI	Advanced Solutions, Inc.
BRI	Basic Rate Interface
CCB	Common Carrier Bureau
CLEC	Competitive Local Exchange Carrier
COE	Central Office Engineering
CPUC	California Public Utility Commission
CSQ	Customer Service Quality
CWO	Custom Work Order
DPUC	Department of Public Utility Control
DSL	Digital Subscriber Loop
DSS	Decision Support System
EBI	Electronic Bonding Interface
EY	Ernst & Young LLP
FCC	Federal Communications Commission
FMO	Final Method of Operation
FOC	Firm Order Confirmation
GCA	Generic Change Authority
I&R	Installation & Repair
ILEC	Incumbent Local Exchange Carrier
ISDN	Integrated Service Digital Network
IT	Information Technologies
LATA	Local Access and Transport Area
LEC	Local Exchange Carrier
LOC	Local Operations Center
LSC	Local Service Center
LSR	Local Service Request
M&P	Methods & Procedures
MCD	Merger Close Date
MFN	Most Favored Nation
MOKA	Missouri, Oklahoma, Kansas & Arkansas
MTE	Multi Tenant Environment
N/A	Not Applicable
NARUC	National Association of Regulatory Utility Commissioners
NB	Nevada Bell
NEWT	Network Engineering Web Tool
NOP	Network Operations Plan



<b>Acronym</b>	<b>Description</b>
NP&E	Network Planning & Engineering
NRIC	Network Reliability and Interoperability Council
OI&M	Operations, Installation & Maintenance
OSP	Outside Plant
OSPE	Outside Plant Engineer
OSS	Operational Support Systems
PA	Project Accounting
PB	Pacific Bell
PICS	Plug In Inventory Control System
PMO	Present Method of Operation or Performance Measures Organization
POR	Plan of Record
POTS	Plain Old Telephone Service
PUC	Public Utilities Commission
RSR	Regulatory Reporting System
SBC	SBC Communications Inc.
SME	Subject Matter Expert
SNET	Southern New England Telephone
SOC	Service Order Completion
SOP	Standard Operating Procedure
SORD	Southwestern Bell Order Retrieval and Distribution
SPOI	Single Point of Interconnection
SWBT	Southwestern Bell Telephone Co.
T2G	Tier Two Group
TC	Telecommunications Carrier
TCNet	Name of Ameritech CLEC Website
ULS-IST	Unbundled Local Switching – Interim Shared Transport
UNE	Unbundled Network Element
USA	Universal Service Assistance
xDSL	(Various) Digital Subscriber Loop

## Attestation Letter

**Mary E. Tudela**

I serve as Senior Vice President – SBC Compliance. In this capacity, I am responsible for the administration and supervision of all activities to ensure that SBC Communications, Inc. (“Company”) complies with all of the commitments undertaken by the Company pursuant to Appendix C of the Federal Communications Commission (“FCC”) Order approving the SBC/Ameritech Merger, CC Docket No. 98-141, released October 8, 1999 (“Merger Conditions”). I report directly to Charles E. Foster, Group President – SBC, who serves as the Corporate Compliance Officer.

The Company has designated a Responsible Corporate Officer (“RCO”) for each of the 30 Merger Conditions. For each of the Conditions, the RCO has executed an attestation letter asserting that the Company is in compliance with all of the applicable terms and obligations of that Condition for the period between October 8, 1999 (the Merger Closing Date) and December 31, 1999 (“Reporting Period”). I have reviewed these attestation letters, and I maintain the original letters in my files.

In my capacity as Senior Vice President – SBC Compliance, I have undertaken an analysis and review of the Company’s efforts to comply with the Merger Conditions. My evaluation tested compliance during the Reporting Period. Based upon my analysis and review, I assert that the Company is in

compliance with all of the applicable terms and obligations of the Merger Conditions for the Reporting Period.

The Company is also responsible for establishing and maintaining effective internal controls designed to provide reasonable assurance to the Company's management and board of directors that the Company is in compliance with the Merger Conditions. I have undertaken a review and analysis of the adequacy of the internal controls to provide reasonable assurance that the Company is in compliance with the Merger Conditions. Based upon my assessment, I assert that the Company, as of December 31, 1999 and for the Reporting Period, maintains internal controls that are effective in providing reasonable assurance that the Company has complied with all of the applicable terms and obligations of the Merger Conditions.

SBC Communications, Inc.

Date: March 15, 2000

By: /s/Mary E. Tudela

Title: Senior Vice President-SBC Compliance